987

EXECUTIVE OFFICE OF
THE PRESIDENT
OFFICE OF MANAGEMENT
AND BUDGET

BUDGET
OF THE
UNITED STATES
GOVERNMENT

FISCAL YEAR

1987

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BUDGET
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THE BUDGET DOCUMENTS

Budget of the United States Government, 1987 contains the Budget Message of the President and presents an overview of the President's budget proposals. It includes explanations of spending programs in terms of national needs, agency missions, and basic programs, and an analysis of receipts, including a discussion of the President's tax program. This document also contains a description of the budget system and various summary tables on the budget as a whole.

United States Budget in Brief, 1987 is designed for use by the general public. It provides a more concise, less technical overview of the 1987 budget than the above volume. Summary and historical tables on the Federal budget and debt are also provided, together with graphic displays.

Budget of the United States Government, 1987—Appendix contains detailed information on the various appropriations and funds that comprise the budget. The *Appendix* contains more detailed information than any of the other budget documents. It includes for each agency: the proposed text of appropriation language, budget schedules for each account, new legislative proposals, explanations of the work to be performed and the funds needed, and proposed general provisions applicable to the appropriations of entire agencies or groups of agencies. Supplementals and rescission proposals for the current year are presented separately. Information is also provided on certain activities whose outlays are not part of the budget-totals.

Special Analyses, Budget of the United States Government, 1987 contains analyses that are designed to highlight specified program areas or provide other significant presentations of Federal budget data. This document includes information about: alternative views of the budget, i.e., current services and national income accounts; economic and financial analyses of the budget covering Government finances and operations as a whole; and Government-wide program and financial information for Federal civil rights and research and development programs.

Historical Tables, Budget of the United States Government, 1987 provides data on budget receipts, outlays, surpluses or deficits, and Federal debt covering extended time periods—in many cases from 1940–1991. These are much longer time periods than those covered by similar tables in other budget documents. The data have been restructured to be consistent with the concepts and presentation used in the 1987 Budget, so these data series are comparable over time.

Management of the United States Government, 1987 provides a description of efforts to improve the management of Federal agencies. It reports on the President's Council on Integrity and Efficiency, describes Reform '88 initiatives undertaken by the President's Council on Management Improvement, and outlines the Administration's management proposals. Management improvement themes covered in the report include privatization, productivity improvement, return of responsibilities to State and local governments, administrative streamlining, program delivery improvements, cost reductions, cash and credit management, payment integrity efforts, upgraded information technology systems, and increased use of user fees and contracting out. Special sections describe current procurement reforms, the status of Grace Commission recommendations, and implementation of the Debt Collection Act of 1982, the Prompt Payment Act of 1982, and the Financial Integrity Act of 1982.

Instructions for purchasing copies of any of these documents are on the last two pages of this volume.

GENERAL NOTES

1. All years referred to are fiscal years, unless otherwise noted.

2. Detail in the tables, text, and charts of this volume may not add to the totals because of rounding.

3. Sequestration of budgetary resources in 1986 is required by the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177). All 1986 data shown in this volume incorporate the effects of sequestration, unless otherwise noted.

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TABLE OF CONTENTS

Page

PART 1. THE PRESIDENT'S MESSAGE TO CONGRESS M-1

PART 2. RECENT BUDGET HISTORY AND THE ECONOMIC OUTLOOK 2-1

- Overview 2-2
- Budget history 2-4
- Balanced Budget and Emergency Deficit Control Act of 1985 2-13
- The economic outlook and its effect on the budget 2-15
- Economic assumptions 2-23

PART 3. DEALING WITH THE DEFICIT: MAJOR BUDGET PROPOSALS 3-1

- Pursue priority initiatives 3-4
- Eliminate ineffective, duplicative or unnecessary programs 3-7
- Reform social services 3-8
- Reduce competition with the private sector 3-11
- Transfer activities to State and local governments 3-14
- Make Federal Government services more efficient, effective and accountable 3-17

PART 4. FEDERAL RECEIPTS BY SOURCE 4-1

- Summary 4-2
- Enacted legislation 4-3
- Receipts proposals 4-6
- Effect of enacted and proposed changes on receipts 4-12
- Changes in receipts 4-14
- Receipts by source 4-16
- Proprietary receipts 4-17

PART 5. FEDERAL PROGRAMS BY FUNCTION: MEETING NATIONAL NEEDS 5-1

- Introduction 5-2
- National defense 5-4
- International affairs 5-16
- General science, space, and technology 5-25
- Energy 5-31
- Natural resources and environment 5-40
- Agriculture 5-50
- Commerce and housing credit 5-57
- Transportation 5-67
- Community and regional development 5-77
- Education, training, employment, and social services 5-85
- Health 5-101
- Medicare 5-108
- Income security 5-111
- Social security 5-126
- Veterans benefits and services 5-129
- Administration of justice 5-139
- General government 5-143
- General purpose fiscal assistance 5-149

	Page
Net interest	5-154
Allowances	5-158
Undistributed offsetting receipts	5-160
PART 6. SUPPLEMENTS	6-1
6a. PERSPECTIVES ON THE BUDGET	6a-1
Relationship of budget authority to outlays	6a-1
Limitations on the availability of funds	6a-3
Fiscal activities outside the Federal budget	6a-6
Budget funds and the Federal debt	6a-19
Comparison of actual and estimated Federal Government totals for 1985	6a-22
Comparison of the actual and estimated relatively uncontrollable outlays for 1985	6a-29
Allocation of windfall profit tax receipts	6a-32
6b. THE BUDGET SYSTEM AND CONCEPTS	6b-1
The budget process	6b-1
Coverage of the budget totals	6b-6
Budget authority and related transactions	6b-9
Federal credit activities	6b-12
Collections	6b-13
Other transactions	6b-14
Basis for budget figures	6b-16
6c. FEDERAL CREDIT BUDGET	6c-1
6d. BUDGET BY AGENCY AND ACCOUNT	6d-1
Explanatory note	6d-1
Legislative branch	6d-2
The Judiciary	6d-17
Executive Office of the President	6d-21
Funds appropriated to the President	6d-26
Department of Agriculture	6d-37
Department of Commerce	6d-62
Department of Defense—Military	6d-71
Department of Defense—Civil	6d-88
Department of Education	6d-94
Department of Energy	6d-102
Department of Health and Human Services, except social security	6d-108
Department of Health and Human Services, social security	6d-131
Department of Housing and Urban Development	6d-132
Department of the Interior	6d-140
Department of Justice	6d-159
Department of Labor	6d-165
Department of State	6d-172
Department of Transportation	6d-179
Department of the Treasury	6d-195
Environmental Protection Agency	6d-205
General Services Administration	6d-208
National Aeronautics and Space Administration	6d-212
Office of Personnel Management	6d-216
Small Business Administration	6d-218
Veterans Administration	6d-221
Other independent agencies	6d-226
Allowances	6d-263
Budget totals	6d-265
Off-budget totals	6d-266
Federal Government totals	6d-266
6e. SUMMARY TABLES	6e-1

Page
Explanation of the summary tables 6e-2
Table 1. Summary 6e-7
Table 2. Summary of current services and the President's proposals 6e-8
Table 3. Receipts by source and outlays by agency, 1985-91 .... 6e-10
Table 4. Outlays by function, 1985-91 .... 6e-12
Table 5. Credit budget: new direct loan obligations and guaranteed loan commitments by agency 6e-13
Table 6. Federal Government financing and debt 6e-14
Table 7. Full-time equivalent of Federal civilian employment 6e-16
Table 8. Budget authority by function, 1985-91 .... 6e-17
Table 9. Budget authority by agency, 1985-91 .... 6e-18
Table 10. Budget authority and outlays available with and without current action by Congress 6e-20
Table 11. Relation of budget authority to outlays 6e-21
Table 12. Balances of budget authority 6e-22
Table 13. Receipts by source 6e-23
Table 14. Offsetting receipts by type 6e-26
Table 15. Legislative proposals for major new and expanded programs in the 1987 Budget, projection of costs 6e-29
Table 16. Controllability of outlays, 1985-87 .... 6e-30
Table 17. Receipts by source, 1977-87 .... 6e-32
Table 18. Outlays by function and subfunction, 1977-87 .... 6e-34
Table 19. Federal finances and the gross national product, 1968-89 .... 6e-41
Table 20. Composition of outlays in current prices: 1967-89 .... 6e-43
Table 21. Composition of outlays in constant (fiscal year 1982) prices: 1967-89 .... 6e-44
Table 22. Total receipts and outlays, 1789-1991 .... 6e-45
Table 23. On-budget and off-budget receipts and outlays, 1937-1991 .... 6e-46

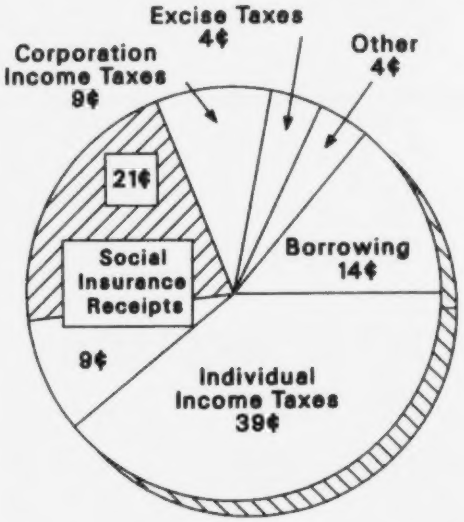
PART 1

THE BUDGET MESSAGE OF THE PRESIDENT

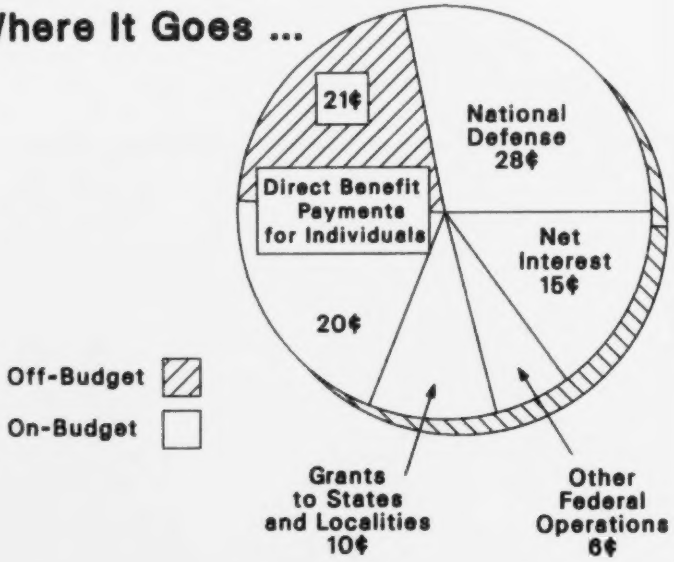
The Federal Government Dollar

Fiscal Year 1987 Estimate

Where It Comes From ...



Where It Goes ...



BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

The economic expansion we are now enjoying is one of the most vigorous in 35 years. Family income is at an all-time high; production and productivity are increasing; employment gains have been extraordinary; and inflation, which raged at double-digit rates when I took office, has been reduced dramatically. Defense capabilities, which had been dangerously weakened during the 1970s, are being rebuilt, restoring an adequate level of national security and deterrence to war. Moreover, an insupportable growth in tax burdens and Federal regulations has been halted.

Let me give you a few highlights:

- Employment has grown by 9.2 million in the past three years, while the unemployment rate has fallen by 3.8 percentage points; during the three years preceding my administration, employment grew by only 5.5 million and the unemployment rate rose 0.8 percentage points.
- The highest proportion of our adult population (60%) is now at work, with more blacks and other minorities employed (14 million) than ever before.
- Inflation, which averaged 11.6% a year during the three years before I took office, has averaged only a third of that—3.8%—during the last three years.
- Real GNP has grown at a 4.5% annual rate during the past three years, compared with only a 2.2% annual rate during the last three years of the previous administration.
- The prime rate of interest and other key interest rates are less than half what they were when I took office.
- Some 11,000 new business incorporations are generated every week, and since early 1983, investment in plant and equipment has risen 44% in real terms.
- During the past three years, industrial production has risen by 25%.
- During the same period, corporate profits increased 117% and stocks nearly doubled in value.
- Federal tax revenues have returned to historic levels of approximately 18½% of GNP, as tax rates have been cut across-the-board and indexed for inflation.

- As a result of all of the above, real after-tax personal income has risen 10.6% during the last three years—an average increase of $2,500 for each American household.

This dramatic improvement in the performance of our economy was no accident. We have put in place policies that reflect our commitment to reduce Federal Government intrusion in the private sector and have eliminated many barriers to the process of capital formation and growth. We continue to maintain a steadfast adherence to the four fundamental principles of the economic program I presented in February 1981:

- Reducing the growth of Federal spending;
- Limiting tax burdens;
- Relieving the economy of excessive regulation; and
- Supporting a sound and stable monetary policy.

Conditions are now in place for a sustained era of national prosperity. But, there is a major threat looming on the horizon: the Federal deficit. If this deficit is not brought under control, we risk losing all we've achieved—and more.

We cannot let this happen. Therefore, the budget I am presenting has as its major objective setting the deficit on a downward path to a balanced budget by 1991. In so doing, my budget meets or exceeds the deficit reduction targets set out in the Balanced Budget and Emergency Deficit Control Act, commonly known for its principal sponsors as Gramm-Rudman-Hollings.

BUDGET SUMMARY

(In billions of dollars)

	1985	1986	1987	1988	1989	1990	1991
Receipts	734.1	777.1	850.4	933.2	996.1	1,058.1	1,124.0
Outlays	946.3	979.9	994.0	1,026.8	1,063.6	1,093.8	1,122.7
Surplus or deficit (−)	−212.3	−202.8	−143.6	−93.6	−67.5	−35.8	1.3
Gramm-Rudman-Hollings deficit targets		−171.9	−144.0	−108.0	−72.0	−36.0	0.0
Difference		30.9	−0.4	−14.4	−4.5	−0.2	−1.3

Note—Totals include social security, which is off-budget.

At the end of the last session of Congress there emerged a bipartisan consensus that something had to be done about the deficit. The result—Gramm-Rudman-Hollings—committed both the President and the Congress to a fixed schedule of progress. By submitting this budget, I am abiding by the law and keeping my part of the bargain.

This budget shows, moreover, that eliminating the deficit is possible *without* raising taxes, *without* sacrificing our defense preparedness, and *without* cutting into legitimate programs for the poor and the elderly. A tax increase would jeopardize our economic expansion and might well prove counterproductive in terms of its effect on the deficit. We can hardly back away from our defense build-up without creating confusion among friends and adversaries alike about our determination to maintain our commitments and without jeopardizing our prospects for meaningful arms control talks. And frankly we must not break faith with those poor and elderly who depend on Federal programs for their security.

THE DEFICIT AND ECONOMIC GROWTH

Until the Second World War, the Federal budget was kept in balance or ran a surplus during peacetime as a matter of course. But in the early 1960s this traditional fiscal discipline and political rectitude began to break down. We have run deficits during 24 of the last 25 years. In the past ten years, they have averaged 2.5% of GNP. But last year the deficit was over 5% of GNP. This trend is clearly in the wrong direction and must be reversed.

Last year's deficit amounted to nearly $1,000 for every man, woman, and child in the United States. To eliminate the deficit solely by increasing taxes would mean imposing an extra $2,400 burden on each American household. But taxes are already higher relative to GNP than they were during the 1960s and early 1970s—before inflation pushed them to levels that proved insupportable. The American people have made it clear they will not tolerate a higher tax burden. Spending is the problem—not taxes—and spending must be cut.

The program of spending cuts and other reforms contained in my budget will lead to a balanced budget at the end of five years and will thus remove a serious impediment to the continuation of our economic expansion. As this budget shows, such reforms can be accomplished in an orderly manner, without resorting to desperate measures.

Inappropriate and outmoded programs, and activities that cannot be made cost effective, must be ended. Activities that are essential, but that need not be carried out by the Federal Government, can be placed in the private sector or, if they are properly public in nature, turned over to State and local governments. As explained in the Management Report I am also submitting today, efficiencies can be realized through improved management techniques, increased productivity, and program consolidations.

The need to cut unnecessary Federal spending and improve management of necessary programs must be made a compelling guide to our policy choices. The result will be a leaner, better integrated, more streamlined Federal Government—stripped of marginal, nonessential and inappropriate functions and activities, and focusing its energies and resources entirely on its proper tasks and constitutional responsibilities. That way, resources will be allocated more efficiently—those things best done by government will be done by government; those things best done by the private sector will be directed by the marketplace.

The Balanced Budget and Emergency Deficit Control Act (Gramm-Rudman-Hollings) requires that spending be reduced in accord with a prescribed formula if projected deficits exceed the predetermined targets. This mechanism will operate in a limited fashion during the current fiscal year. However, we should avoid such across-the-board cuts in the future, and they will not be necessary if Congress adopts this budget. Achieving budget savings by taking into account relative priorities among programs is a much better way than resorting to an arbitrary formula. The latter could dangerously weaken vital programs involving the national security or public health and safety, while leaving marginal programs substantially intact.

If the spending cuts and other reforms proposed in this budget are approved, the Federal deficit will be reduced by $166 billion over the next three years. This represents about $700 for every individual American and about $1,900 for every household. I believe this is the appropriate way to deal with the deficit: cut excessive Federal spending rather than attack the family budget by increasing taxes, or risk a deterioration in our national security posture, or break faith with the dependent poor and elderly.

RESTRUCTURING AND RETURNING THE FEDERAL GOVERNMENT TO ITS PROPER ROLE

The task of reducing the deficit must be pursued with an eye toward narrowing the current wide scope of Government activities to the provision of those, but only those, necessary and essential services toward which all taxpayers should be contributing—and providing them as efficiently as possible. This is the underlying philosophy that I have used in shaping this year's budget. Let me explain:

High priority programs should be adequately funded.—Despite the very tight fiscal environment, this budget provides funds for maintaining—and in some cases expanding—high priority programs in crucial areas of national interest. Necessary services and income support for the dependent poor and the elderly receive significant funding in this budget. So do other programs of national interest, including drug enforcement, AIDS research, the space program, nonmilitary research, and national security.

While national security programs continue to be one of my highest priorities, they have not been exempt from general budgetary stringency. Last summer I reluctantly agreed with Congress to scale back the planned growth of defense appropriations to a zero real increase for 1986 and only a 3% real increase each year thereafter. Congressional action on 1986 appropriations and the subsequent sequestration for 1986 under Gramm-Rudman-Hollings have cut defense budget authority well below last year's level. The budget I am submitting would return defense funding to a steady, well-managed growth pattern consistent with the program levels agreed to in last year's budget resolution and consistent with what the country needs in order to provide for our national security.

During the past five years, we have reversed the decline in defense spending and have made significant progress in restoring our military capabilities. The moderate increases that are now requested are necessary to maintain this progress and enable us to move forward with meaningful arms reduction negotiations with the Soviet Union.

Unnecessary programs are no longer affordable.—Some government programs have become outmoded, have accomplished their original purpose, represent an inappropriate area for Federal involvement in the first place, or are marginal in the current tight budgetary environment. If it would not be appropriate or feasible for the private sector or for State or local governments to assume such functions, this budget proposes that programs of this variety be terminated immediately, phased out in an orderly manner, or eliminated when their legal authority expires. Examples include Small Business Administration credit programs, Amtrak grants, Urban Development Action Grants, the Appalachian Regional Commission, the Economic Development Administration, the Interstate Commerce Commission, Maritime Administration loan guarantees, education subsidies for health professionals, the work incentives program, and subsidies for air carriers.

Many other programs should be reduced to a more appropriate scale.—Some Federal programs have become overextended, misdirected, or operate on too expansive a scale given the current tight budgetary environment. This budget proposes reforms to limit the costs and future growth of medicare and medicaid, subsidized housing, Civil Service pensions and health benefits, postal subsidies, interstate highway grants, the Forest Service, and many other programs.

The Government should not compete with the private sector.—Traditionally, governments supply the type of needed services that would not be provided by the private marketplace. Over the years, however, the Federal Government has acquired many commercial-type operations. In most cases, it would be better for the Government to get out of the business and stop competing with the private sector, and in this budget I propose that we begin that process. Examples of such "privatization" initiatives in this budget include sale of the power marketing administrations and the naval petroleum reserves; and implementation of housing and education voucher programs. I am also proposing the sale of unneeded assets, such as loan portfolios and surplus real estate, and contracting out appropriate Federal services.

Many services can be provided better by State and local governments.—Over the years, the Federal Government has preempted many functions that properly ought to be operated at the State or local level. This budget contemplates an end to unwarranted Federal intrusion into the State and local sphere and restoration of a more balanced, constitutionally appropriate, federalism with more clearly delineated roles for the various levels of government. Examples include new consolidations of restrictive small categorical grant programs into block grants for transportation and environmental protection, at reduced Federal costs. Continued funding is maintained for existing block grants for social services, health, education, job training, and community development.

Administration of the agricultural extension service should be turned over to State and local governments. Also, the Federal Government should get out of the business of paying for local sewage treatment systems, local airports, local law enforcement, subsidies to State maritime schools, and local coastal management.

Remaining Federal activities should be better managed.—As we proceed with the deficit reduction process over the next several years, it is important that all remaining Federal operations be well managed and coordinated to avoid duplication, reduce costs, and minimize regulatory burdens imposed on the private sector. Management efficiencies must accompany the process of developing a leaner, more carefully focused Federal role. We can no longer afford unnecessary overhead and inefficiencies when we are scaling back the role and cost of the Federal Government.

Substantial savings in overhead costs have been achieved under provisions of the Deficit Reduction Act of 1984. As described in my Management Report, more savings are possible, and these effects are incorporated in this budget. Outmoded, inefficient systems of agency cash and credit management are being replaced; administrative policies and procedures, approaches to automatic data processing, and agency field structures will be streamlined and upgraded; and waste, fraud, and abuse will be further reduced. All these initiatives, part of our Reform '88 program, will take advantage of efficiencies made possible by modern management techniques, improved communications, and new information technology. We shall run the Federal Government on a business-like basis—improving service delivery and reducing taxpayer costs.

Administration of Federal agencies will be made more efficient through the adoption of staffing standards, automation of manual processes, consolidation of similar functions, and reduction of administrative overhead costs. A program to increase productivity by 20% by 1992 in all appropriate Government functions is being instituted, and a major effort is proposed to revamp our outmoded management of a $250 billion Federal credit portfolio. This effort will include establishing prescreening, origination fees, administration and penalty charges, use of collection agencies, charging appropriate interest rates, and the sale of loan portfolios.

Our management improvement program will result in a leaner and more efficient Federal structure and is described in greater detail in my separate Management Report. Improving the management of the Government must be accorded a crucial role and the priority it deserves.

We must also reduce unnecessary costs and burdens on the nonfederal sector and have already made considerable progress in reducing the costs imposed on businesses and State and local governments by Federal regulations. These savings are estimated to total $150 billion over a 10-year period. We have reduced the number of new regulations in every year I have been in office and have eliminated or reduced paperwork requirements by over 500 million hours. In addition, regulations are now more carefully crafted to achieve the greatest public protection for the least cost, and wherever possible to use market forces instead of working against them.

Finally, user fees should be charged for services where appropriate.—Those who receive special benefits and services from the Federal Government should be the ones to bear the costs of those services, not the general taxpayer. Accordingly, this budget imposes fees and premiums for Federal guarantees of loans, and imposes user fees and charges for Federal cost recovery for meat and poultry inspection, National park and forest facilities, harbor and inland waterway use, Coast Guard and Customs inspections, and for many other services.

REFORM OF THE BUDGET PROCESS

Over the years, Federal spending constituencies have become increasingly powerful. In part because of their strong and effective advocacy, Congress has become less and less able to face up to its budgetary responsibilities. The Congressional budget process is foundering; last year it fell apart time and time again. The budget resolution and appropriations bills were months late in passing, and few real deficit reductions were achieved.

Gramm-Rudman-Hollings offers a significant opportunity to avoid many of these problems in the future. That act not only sets deficit targets leading to a balanced budget by 1991, it provides a mechanism for automatic spending cuts and incorporates certain reforms in the budget process itself. But Gramm-Rudman-Hollings does not go far enough in this regard. To meet the clear need for a greatly strenthened budget process, I propose a number of additional reform measures.

As before, I ask Congress to pass a balanced budget amendment to the Constitution. In addition, I continue to seek passage of a line item veto—authority now possessed by 43 of the Nation's governors. I also urge, for 1988 and beyond, changing the budget resolution to a joint resolution subject to Presidential signature and establishing binding expenditure subcategories within the resolution budget totals. Moreover, I urge that serious study be given to proposals for multiyear appropriations and to the development of a capital budget.

As I have pointed out time and again, there's not a State in the Union that doesn't have a better budget process than the Federal Government. We can—and must—do better.

CONCLUSION

As I said in my address to Congress yesterday, the State of the Union is strong and growing stronger. We've had some extraordinarily good years, and our economy is performing well, with inflation coming under control. Economic growth and investment are up, while interest rates, tax rates, and unemployment have all come down substantially. Our national security is being restored. The proliferation of unnecessary and burdensome Federal regulations has been halted. A significant beginning has been made toward curbing the excessive and unsustainable growth of domestic spending. Improving the management of the Government has been given priority and is achieving results. I think most Americans would agree that America is truly on the move!

The large and stubbornly persistent budget deficit remains as a dark and threatening cloud on the horizon. It threatens our prosperity and our hopes for continued healthy economic growth.

Congress has recognized this threat. It has mandated a gradual, orderly movement to a balanced budget over the next five years. The proposals in this budget are a blueprint for achieving those targets while preserving legitimate programs for the aged and needy, providing for our national security, and doing this without raising taxes.

I realize it will be difficult for elected officials to make the hard choices envisioned in this budget. But we must find the political will to face up to our responsibilities and resist the pleadings of special interests whose "era of power" in Washington must be brought to an end—for taxpayers as a whole can no longer be expected to carry them on their backs. All this will call for statesmanship of a high order. We must all realize that the deficit problem is also an opportunity—an opportunity to construct a new, leaner, better focused, and better managed Federal structure. Let's do it.

I look forward to working with Congress on meeting these formidable challenges. It is our job. Let's get on with it.

RONALD REAGAN

FEBRUARY 5, 1986

PART 2

RECENT BUDGET HISTORY AND THE ECONOMIC OUTLOOK

RECENT BUDGET HISTORY AND THE ECONOMIC OUTLOOK

OVERVIEW

From very small beginnings, the Federal Government has become an immense and costly enterprise. This fiscal year the Federal Government will require nearly a quarter of all resources produced in the economy and, in the process, will incur a deficit exceeding $200 billion. That portion of the Federal debt held by the public passed $1 trillion in 1983 and will exceed $2 trillion before the end of this decade.

Americans already pay for a sizable Federal establishment. Federal receipts, including social security taxes, have averaged 18% of GNP over the past 20 years, much higher than at any previous time in American history. The 1981 tax program prevented this tax burden from escalating, but did not reduce the share of Federal receipts below its postwar average.

Unchecked Federal spending, and the failure to set spending priorities, is the source of the deficit problem. If the upward bias in Federal spending is not eradicated, it will continue to put stress on our political system. Although we all recognize the danger posed by large deficits, this has not prevented them from growing. Partly, this is because the damage they do is not always readily apparent in the short run. Over time, however, the effects of excessive Federal borrowing are progressively debilitating. In the competition for borrowed funds, the Federal Government always wins. Private savings absorbed by the Government are not available for lending to the private sector. In 1985, the Federal deficit was more than 60% as large as total net domestic saving. Continued Federal borrowing at this level threatens private capital formation and with it the economy's potential for future economic growth.

In addition, interest on the Federal debt is growing faster than nominal GNP and, therefore, faster than Federal revenues. If not stopped by reducing the deficit, interest costs in time may crowd other areas out of the budget.

If the deficit remains out of control, pressure to use monetary policy to accommodate the Government's borrowing needs will grow and, with it, the risk of rekindling inflation. Such a reversal in the trend of inflation could be disastrous.

The American political system faces a great test. At present, the benefits of Government programs tend to be concentrated on particular fiscal constituencies which lobby to defend their benefits, while the costs of such programs are spread over the population at large. The Balanced Budget and Emergency Deficit Control Act of 1985, better known as the Gramm-Rudman-Hollings amendment (GRH), was designed to cut through this Gordian knot and return the budget to balance by 1991. GRH sets deficit targets and provides incentives for the administration and the Congress to meet them. If there is no agreement, then GRH specifies a mechanical procedure—sequestration of funds—for reaching the deficit targets.

The sequestration mechanism has already been triggered for this year. For future years, however, it is neither necessary nor desirable that this rigid and arbitrary mechanism be invoked. It is only necessary that the declining deficit goals be reached. If Congress adopts the President's budget, sequestration need not occur.

The proposals in the President's budget do not treat each program alike. They allocate spending to meet national needs, and this includes providing increased spending where that is appropriate. The spending cuts proposed flow from a simple, consistent analysis pointing to the conclusion that many activities now performed by the Federal Government should be performed elsewhere or not at all. For those programs that should be provided by the Federal Government the budget proposes reforms that will produce significant cost savings. Many agencies and constituencies will have to get along with less—but essential services are not harmed.

By bringing down spending and reducing the deficit, we can help ensure continued economic growth over the next 5 years. Inflation induced sizable volatility in economic growth during the 1970's and early 1980's. Should such volatility return, it would be extremely difficult to achieve our projected growth in real GNP or the target path for the deficit.

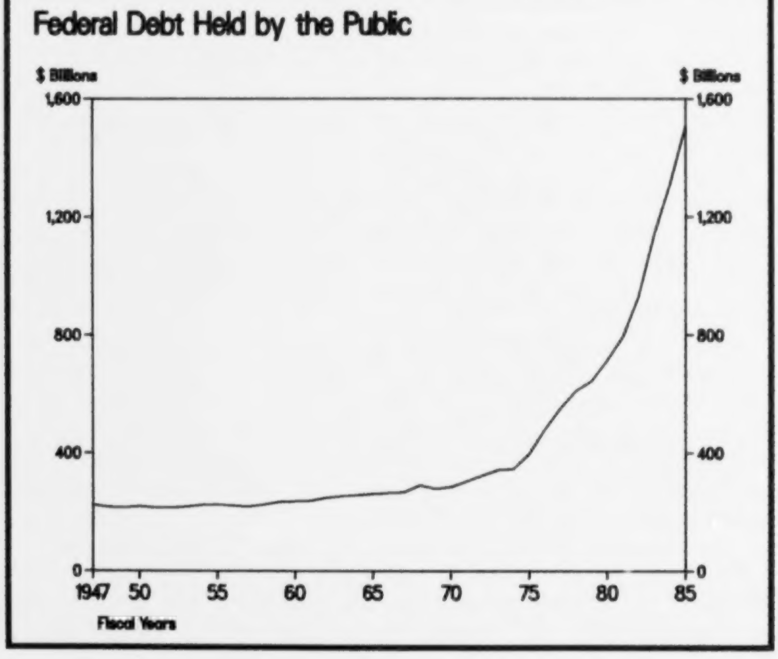
There are no tax increases in this budget. Incentives for economic growth are strengthened, not weakened. The administration's tax reform proposal calls for taxing all forms of income more evenly and equalizing the effective tax rates on all types of capital investment. It will improve prospects for economic growth and productivity in the United States. The administration strongly urges passage of a tax reform measure in 1986, but the final form of the measure has not yet been determined. Thus, estimates of receipts by source in this budget have not been adjusted for the effects of tax reform. Because the administration will only support a revenue-neutral tax reform, this decision will not affect overall figures for receipts or the budget deficit.

The administration will continue to reduce the Federal Government's "hidden taxes" as well—those additional costs imposed by excessive Federal regulations, paperwork, and "red tape". Reducing these burdens will increase the productivity of our economy and promote prosperity. The benefits of reducing regulatory burdens are now manifest. The deregulation of the airline industry and other transportation and energy industries demonstrates that further deregulatory efforts are warranted. The administration's success in reversing the growth trend of Government regulatory intrusiveness and in cutting back on the preexisting glut of Federal forms and recordkeeping requirements indicates that much more can and should be done. The administration will continue to ensure, consistent with its responsibilities to carry out the law, that it imposes a regulatory or a paperwork burden only where it is necessary to address a market failure and only when Federal regulation is necessary to address such a failure.

BUDGET HISTORY

The First 200 Years.—For the first 150 years of our history, the prevailing—indeed unquestioned—belief was that the Federal

Federal Debt Held by the Public



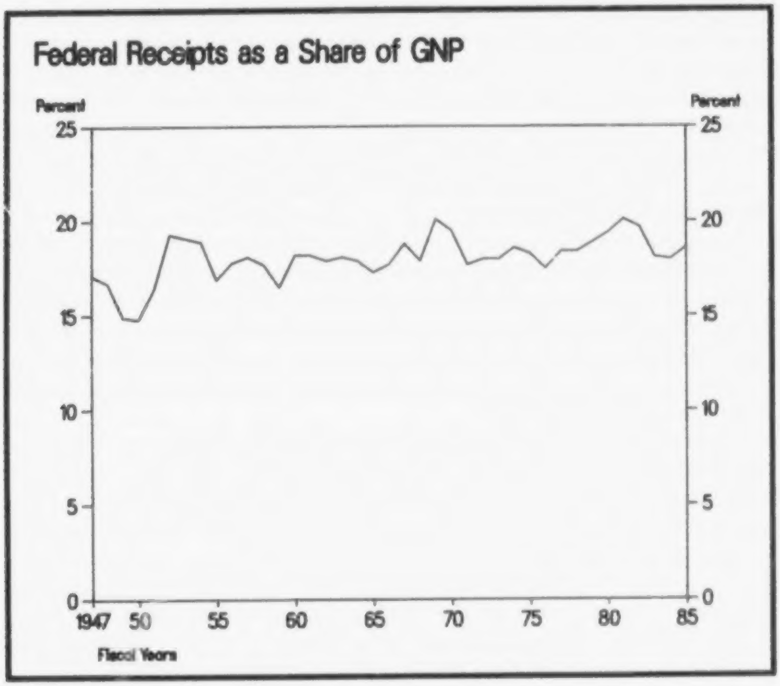
budget should be balanced. While deficits were unavoidable in wartime, all political parties, all Presidents, and nearly all members of Congress operated on the assumption that the "norm" would be budgetary balance, and the Government even ran sufficient surpluses to repay most of the debt accumulated during wars and depressions. The Federal Government ran surpluses for 28 consecutive years after the Civil War, and for 11 consecutive years after World War I.

The advent of Keynesian economics 50 years ago led to a new belief that a little "pump priming" could get the economy going again. It became the conventional wisdom that the Government could afford to run deficits in periods of subnormal economic activity, which then would be offset by surpluses in periods of prosperity. It was generally presumed that the budget would remain balanced over the cycle as a whole.

However, starting around the time of the Vietnam War and continuing long after that war wound down, even this degree of discipline began slipping away. Deficits gradually ceased to be a respectable countercyclical tool and turned into an escape valve for a lack of political will or for political gridlock. Indeed, the Government posted only one small surplus (in 1969) during the longest postwar recovery on record. In recent years, deficits have been large, chronic, and structural. It is not only that we have had deficits in 24 of the last 25 years; more importantly, they have recently become much larger—exceeding 2.5% of GNP in all but one of the past 10 years and averaging over 5% for the last 3 years.

As deficits increased, Federal debt mounted at an accelerating pace. By the end of World War II, that portion of Federal debt held by the public had risen to a then astronomical $235 billion, exceeding 1945 GNP. Unlike earlier postwar periods in our history, after World War II the Federal Government made little effort to repay its wartime borrowings. The debt remained at about the end-of-war level through 1960. By 1970, however, the debt held by the public had risen to $285 billion. By 1980 it was $715 billion, and in 1983 it passed the one trillion dollar mark; it will reach two trillion dollars well before the end of the decade.

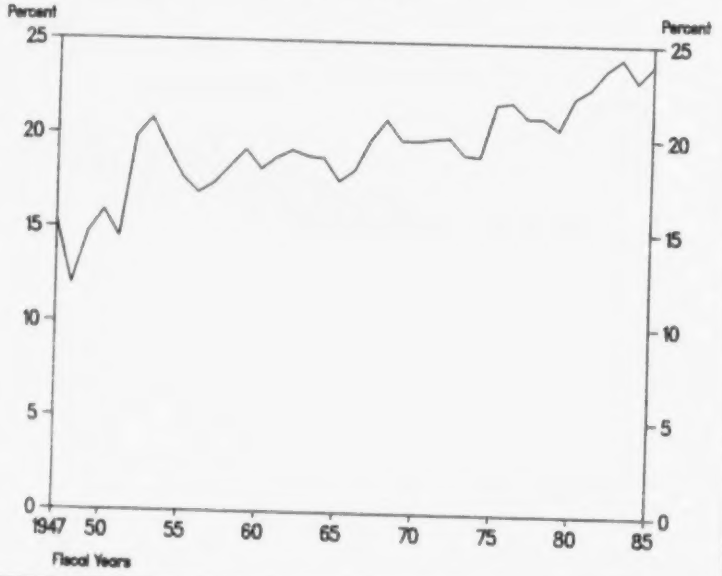
The deficits have resulted from the rapid growth of Government spending, which has outstripped the growth of receipts. The problem is not a lack of receipts. During the past 20 years, Federal receipts have risen almost precisely in line with the economy as a whole. As a share of GNP, receipts (including social security taxes) have ranged from a low of 17.3% to a high of 20.1%. They have averaged slightly over 18% and stood at 18.6% in 1985. Thus, Federal receipts as a share of GNP are today running slightly above the historical norm.



In marked contrast, Federal spending as a share of GNP has been on an upward trend, rising from 18.2% in 1960 to 24.0% in 1985. Unfortunately, not only was the Federal Government growing too large during this period, but the spending priorities were also inappropriate. The share of the Nation's resources devoted to national defense was reduced to only 5% by the time this administration took office, about half of its share two decades earlier. On the other hand, nondefense spending's share doubled during this period, reaching 17.1% by 1980, as shown in the table below. Rapidly rising payments to individuals were largely responsible for this increase.

This trend of rapid increase in domestic spending, with little change in the share of income collected in taxes eventually produced the explosion of the deficit we have seen in the 1980s. Although the level of the deficit soared during the 1980 and the 1981–82 recessions and remains at record high levels, the seeds of the problem were sown in the breakdown of fiscal discipline in the preceding decades.

Federal Outlays as a Share of GNP

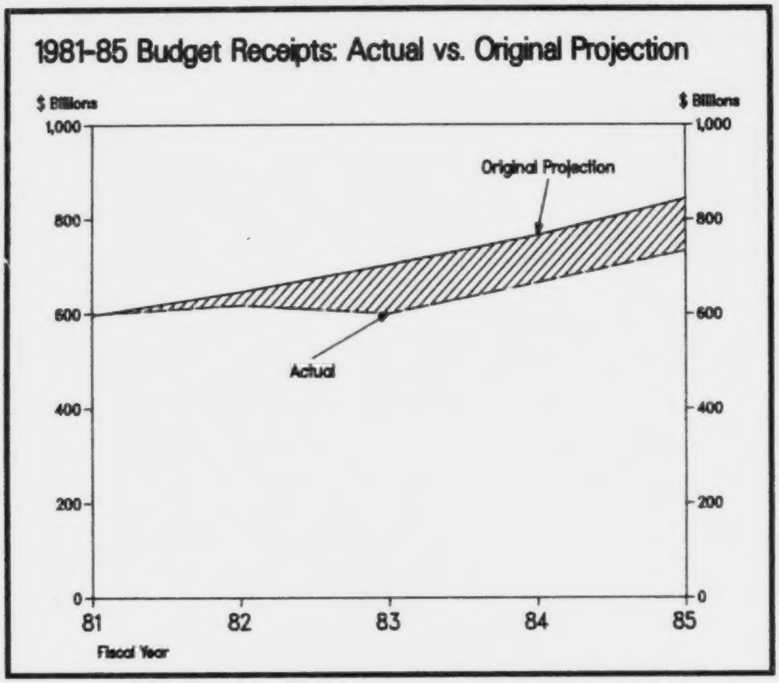


Post-1980 Rise in the Federal Deficit.—In 1981, President Reagan stated a goal of reducing the growth of overall spending by eliminating activities that were beyond the proper sphere of Federal responsibilities and by restraining the growth of spending for other activities. Increases in defense spending were proposed, while the rate of growth of domestic spending was to decline. In addition, the President proposed limiting tax burdens to the levels necessary to

THE COMPOSITION OF FEDERAL SPENDING

(Percent of GNP)

	1960	1970	1980	1985
Defense	9.5	8.2	5.0	6.4
Nondefense	8.7	11.5	17.1	17.6
Payments for individuals	4.8	6.5	10.4	10.8
Other grants-in-aid to State and local governments	0.9	1.6	2.2	1.5
Net interest	1.4	1.5	2.0	3.3
All other	2.6	2.8	3.3	2.9
Undistributed offsetting receipts	−0.9	−0.9	−0.7	−0.8
Total	18.2	19.8	22.2	24.0

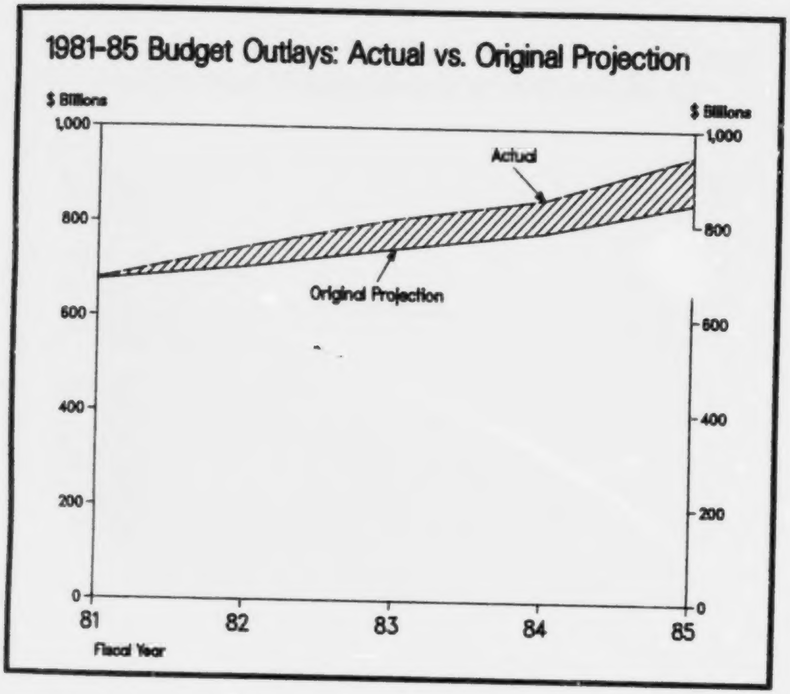


1981-85 Budget Receipts: Actual vs. Original Projection

finance only essential Government services, thereby strengthening incentives for work, saving, investment, productivity, and economic growth. The combined effects of the President's program were projected to produce a surplus in 1986 of $26 billion. Instead, the 1986 deficit is now expected to exceed $200 billion.

A comparison of the administration's 1981 projections with events of the next four years shows that slightly more than half of the shortfall was accounted for by lower receipts, with the remainder a result of higher outlays. However, the receipts shortfall originated in the 1981–82 recession and the unexpectedly rapid deceleration of inflation from double-digit rates. Since then, receipts have been rising at about the rate originally forecast. In contrast, the gap between actual and projected outlays has climbed steadily throughout the years. Thus, while poor economic conditions raised the level of the deficit in 1981–82, it was the rapid growth of spending that increased the deficit in subsequent years.

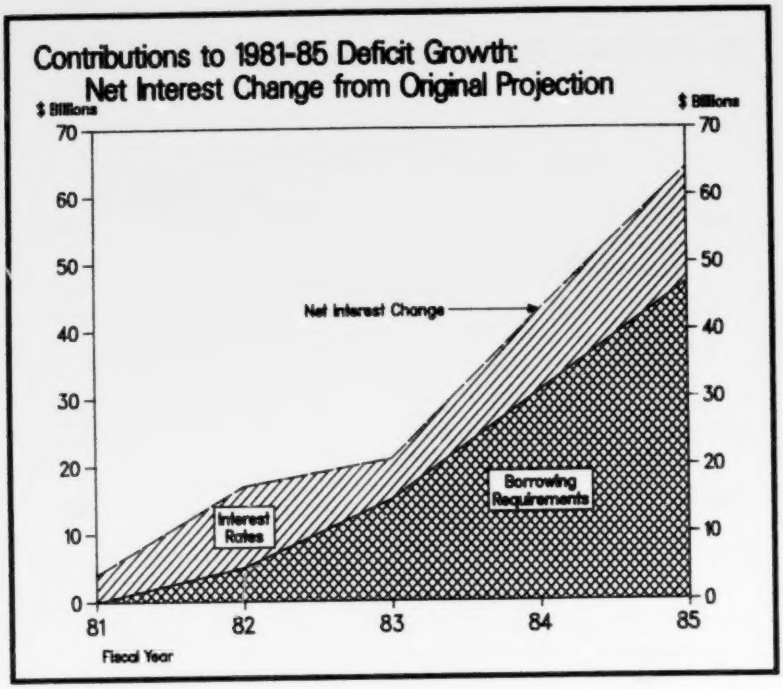
Interest on the Federal debt is a major component of the excess outlays. This accounted for $64 billion of the underestimate of 1985



outlays. However, only about one-quarter of the larger interest cost is accounted for by higher than anticipated interest rates. Most is attributable to the cumulative effect of higher than expected deficits and the resulting higher debt and debt service costs. Thus, most of the greater interest costs are a consequence of the excess spending and the shortfall of receipts.

Spending on entitlement programs surged during the 1981–82 recession, largely because of the rise in unemployment benefits, but slowed in the next several years as the economy expanded. By 1985 outlays for these programs were only $8 billion above what was envisaged for them in the original 1981 plan. In other words, these programs, while constituting 38% of all Federal outlays, accounted for only a small fraction of the deviation from the budget projection made in 1981.

Defense outlays accounted for 25.4% of total outlays in 1985, compared with 22.7% in 1981. Although there was some increase in the share of Federal outlays going to defense, it fell short of the build-up requested in March 1981. Thus, defense spending also does not explain the rise in the projected deficit or the underestimate of

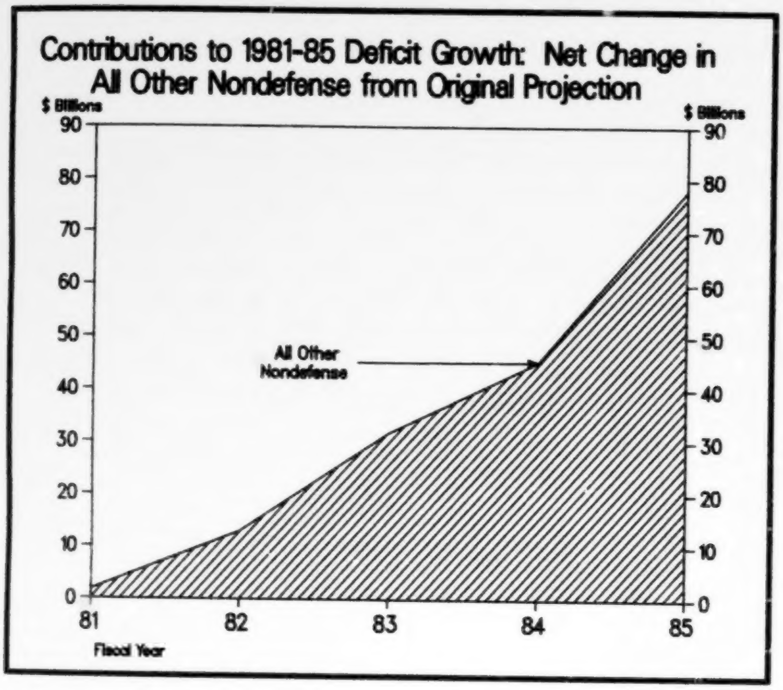


Contributions to 1981-85 Deficit Growth: Net Interest Change from Original Projection

outlays. In fact, shortfalls in defense appropriations from the 1981 administration proposals partially offset other sources of increase in the deficit estimates. Put another way, if all other outlays and receipts had followed the path projected, the shortfall in defense spending would have meant a surplus $50 billion higher than originally projected for 1985.

By far the largest contributor to the deviation between actual outlays and the March 1981 budget estimates was in all other outlays. This category, total outlays minus defense, net interest and entitlements, accounted for 26.9% of outlays in 1981 and 22.3% in 1985. The largest part of the discrepancy in budget outlays resulted from inability to achieve planned reductions in this category. By 1985 the deviation from plan for other nondefense outlays had reached $78 billion, although some of the excess resulted from exceptionally high 1985 outlays for the Commodity Credit Corporation and purchases of housing notes.

In brief, increases in all other outlays over and above those proposed by the administration in 1981 have substantially raised the deficit. They account for nearly half of the difference between

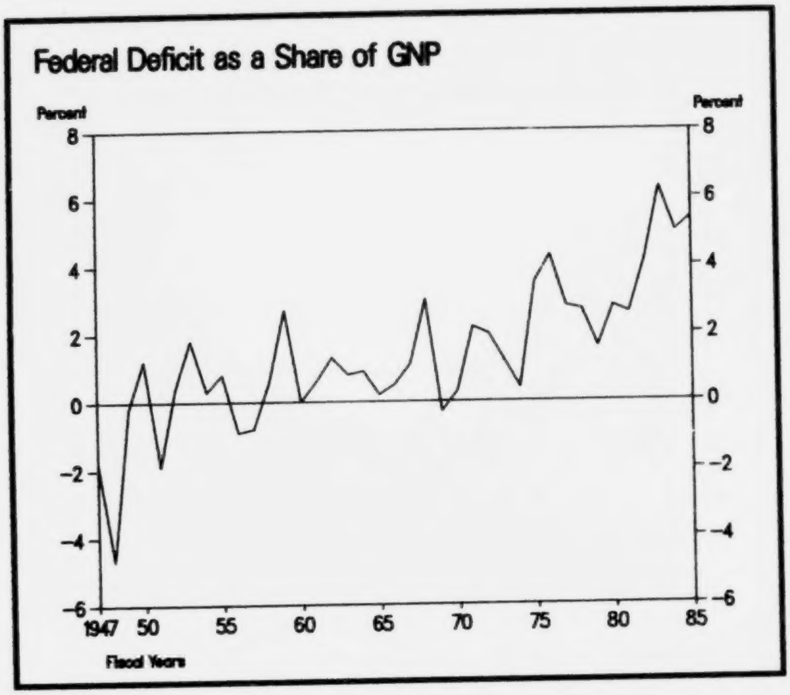


Contributions to 1981-85 Deficit Growth: Net Change in All Other Nondefense from Original Projection

the actual 1985 deficit and that projected in 1981 for that year. A shortfall in receipts resulting from the recession and lower inflation accounted for most of the remainder. This is shown in the table on the next page.

The Structural Deficit.—While the level of the deficit has not changed significantly since its dramatic surge in 1982 and 1983, the underlying problem has in fact grown more serious. The recession of 1981-82 produced a sharp increase in the deficit. Outlays for unemployment compensation rose substantially, and receipts fell far short of expectations. These developments reflected the cyclical downturn and were in large part reversed during the economic recovery. However, despite the resurgence in economic activity since the recession, the deficit has remained high.

Although a cyclical downturn helped push the deficit up, it is incorrect to assume that economic recovery will, by itself, eliminate the deficit. Economic growth will contribute significantly to reducing the deficit, but efforts to control Federal spending are imperative.



Budget projections on a current services basis—that is, assuming no further policy actions to curb spending growth—indicate that the deficit in 1991 would still remain quite substantial even with an unemployment rate below 6% and after the economy had been expanding for 9 years. Any attempt to achieve still lower levels of unemployment by monetary stimulus would be likely to lead to a reacceleration of inflation and could mean an end to sustainable economic recovery. Therefore, projected deficits at this level of unemployment are not "cyclical" or temporary. They are permanent or "structural" and will persist unless determined policy actions are taken to eliminate them.

The growing structural deficit problem has its roots in the strong momentum of Federal spending increases, and in the debilitating economic policies of the 1960s and 1970s. The excessive momentum of domestic spending programs in the early 1970s was partially masked by severe underfunding of our defense effort and by the effect of inflation in swelling receipts. Total outlays will keep growing because of rising interest costs and growing numbers of social security retirees, as well as the need to provide an adequate level of defense funding. As a result, a substantial current services deficit is projected, even assuming a sustained economic expansion.

If no policy actions were taken to reduce spending, these large and persistent deficits would pose serious economic problems. If they were financed by money creation, they would renew inflation and again bring on the inefficiencies, misdirection of resources, and cyclical instability that led to the stagnant growth and recessions of the 1970s. If they were not monetized, then the credit demands of the Federal Government resulting from rising spending would crowd out productive private investment by absorbing domestic savings or foreign investment, or both. This would inhibit economic growth by generating excessive real interest rates.

SOURCES OF FEDERAL DEFICIT CHANGE

(In billions of dollars)

	1981	1982	1983	1984	1985
Receipts:					
Original Reagan projection [1]	596.9	646.2	704.5	765.5	844.2
Actual	599.3	617.8	600.6	666.5	734.1
Shortfall	2.4	−28.4	−103.9	−99.0	−110.1
Outlays:					
Original Reagan projection [1]	675.4	703.8	744.8	782.1	846.3
Actual outlays	678.2	745.7	808.3	851.8	946.3
Deviation from original	2.8	41.9	63.5	69.6	100.0
Defense	−2.8	−1.8	−15.8	−28.5	−50.4
Entitlements	−0.7	14.2	26.9	9.9	8.0
Net interest	4.5	16.6	20.7	43.0	64.3
All other	1.8	12.9	31.7	45.2	78.1
Deficit:					
Original Reagan projection [1]	78.5	57.6	40.3	16.6	2.1
Actual budget deficit	78.9	127.9	207.7	185.3	212.3
Deviation from projection	0.4	70.3	167.4	168.6	210.1

[1] March 1981 *Budget Revisions* adjusted for further reductions proposed in the Mid-Session Review of the 1982 Budget and for accounting changes required to be consistent with the structure of the 1987 Budget

BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985

By 1985 the budget deficit had become an intractable problem. In the face of this problem, Congress finally took steps to reform its budget-making procedures. The GRH amendment mandates declining deficit targets that will result in a balanced budget in 1991. It changes the budget process by creating a default mechanism to ensure that these targets are met. The declining deficit path targets are significantly lower than the current services deficits.

GRH simply requires that the President's budget meet the deficit targets. It does not impose any restrictions on how those targets are to be met. The President can propose as much or as little as he

GRAMM-RUDMAN-HOLLINGS DEFICIT TARGETS

(In billions of dollars)

Fiscal year:	Deficit targets	Current services deficits
1986	$171.9	$205.6
1987	144.0	181.8
1988	108.0	150.0
1989	72.0	138.9
1990	36.0	126.3
1991	0	103.9

deems necessary for defense or other budget categories. GRH does not mandate the budget mix, only the maximum deficit. The same freedom exists for the Congress. It may choose to reach the target in a different way from the one the President proposes in his budget. GRH only requires that should the Congress depart from the President's proposals, it must do so in such a way that the deficit still remains at or under the targets.

The automatic procedures for cutting the budget take effect only if the President and Congress fail to reach agreement on a budget that meets the targets. These automatic procedures begin each year with a joint report by the Congressional Budget Office and the Office of Management and Budget. The two agencies, after reviewing the economic outlook and taking into account budgetary actions to date, prepare a deficit forecast for the coming year. In 1986, since the fiscal year began before GRH was enacted, the reports were submitted in January; for 1987 and subsequent years the reports are due in August prior to the beginning of the fiscal year. If the estimated deficit exceeds the target by any amount in 1986 or 1991, or by more than $10 billion in 1987-90, the automatic spending reduction procedure is triggered.

For fiscal year 1987 and subsequently, the sequestration order is to be issued on September 1 to go into effect in October if, by that time, Congress has not acted to reduce the deficit by other means. In fiscal year 1986 only, the order was issued on February 1 and the spending reduction will take effect March 1. The purpose of the order is to impose mandatory funding reductions that will reduce spending by an amount equal to the excess of the forecast deficit over the GRH target for that year.

In 1986 the procedure differs. For this year only, Congress set a limit on the total size of the cuts. The limit set was $20 billion on an annual basis, or $11.7 billion considering that only 7 months of the year will remain by the time the sequestration order is to go into effect on March 1. Therefore, in 1986 the spending reductions in the order are insufficient to reduce the deficit to the target, but this limitation does not apply to future sequestration orders, which must be large enough to achieve the targets.

The dollar amount of spending reductions called for in the sequestration order is to be split equally between defense and nondefense programs. The order applies to all but specifically exempted programs, the largest of which is social security. Interest on the debt is also excluded, as are six programs that primarily provide low-income assistance. A number of programs, although not excluded, are covered by special provisions that limit the percentage reduction that can be imposed by the sequestration order. For certain indexed programs, sequestration is limited to the automatic cost-of-living adjustments provided under an indexing formula. After allowing for these exclusions and special provisions, reductions required to reach the target are to be achieved by uniform percentage reductions in budgetary resources across the remaining programs, projects and activities.

Across-the-board spending reductions are arbitrary and do not reflect relative priorities of different programs. This budget proposes a far different set of reforms and spending reductions to achieve the mandated deficit target than would be called for under a series of sequestration orders. It should be noted that even after an order is issued, Congress and the President would still have time to produce a responsible alternative before the order went into effect. Nonetheless, the sequestration order mechanism is the ultimate fail-safe device that assures that progress toward a balanced budget will continue whether or not there is agreement about budget priorities.

The essence of GRH is that it provides an assurance that the deficit will decline. Previous efforts to set targets for the deficit lacked such an assurance because there were no procedures for enforcing the deficit targets. This helps to explain why GRH has had such a heartening effect on the Nation's financial markets. It is a credible plan to bring the budget back into balance. The economic consequences of this change in the fiscal policy outlook are discussed below. Steady reduction of the budget deficit offers assurance that the administration's expectation of sustained economic growth and low inflation will be realized in the coming years.

THE ECONOMIC OUTLOOK AND ITS EFFECTS ON THE BUDGET

The economic recovery that began in December 1982 is now in its fourth year. Although it is a mature expansion, it shows no sign of ending. On the contrary, most of the evidence points to an acceleration of growth in 1986. Moreover, if the administration's policy proposals assumed in this budget are enacted, the economy could grow above its recent trend rate through 1991, making this the longest period of uninterrupted growth on record.

LENGTH OF EXPANSIONS

	(Months)
Trough:	
October 1949	45
May 1954	39
April 1958	24
February 1961	106
November 1970	36
March 1975	58
July 1980	12
Average 1949–1981 (7 cycles)	46
Average 1854–1981 (30 cycles)	33
November 1982–present	38
November 1982–1991	109

A Sustainable Expansion.—As 1985 ended, there was increasing evidence in production, employment and income data that the economy was gathering momentum. Real GNP is projected to rise 4.0% this year. Faster growth is likely to place some upward pressure on short-term interest rates. Despite this pressure, long-term yields are forecast to continue to edge lower. While the inflation rate is projected to rise slightly, reflecting accelerated growth of the money supply last year and the decline in the dollar, it is now projected to be lower than was assumed in last year's budget.

For 1986 and the years beyond, real GNP growth assumptions in this budget are unchanged from those in last year's budget. Inflation and interest rate assumptions have been reduced in line with their better-than-expected performance in 1985.

COMPARISON OF FEBRUARY 1985 AND CURRENT ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	1985	1986	1987	1988	1989	1990
Nominal GNP:						
1985 assumptions	3,948	4,285	4,642	5,017	5,399	5,780
1986 assumptions [1]	3,888	4,174	4,522	4,878	5,234	5,576
Real GNP (percent change): [2]						
1985 assumptions	4.0	4.0	4.0	4.0	3.8	3.6
1986 assumptions	2.5	4.0	4.0	4.0	3.7	3.6
GNP deflator (percent change): [2]						
1985 assumptions	4.3	4.3	4.1	3.8	3.5	3.2
1986 assumptions	3.3	3.8	4.1	3.5	3.2	2.5
Interest rate on 91-day Treasury bills (percent):						
1985 assumptions	8.1	7.9	7.2	5.9	5.1	5.0
1986 assumptions	7.5	7.3	6.5	5.6	4.8	4.3
Unemployment rate (percent):						
1985 assumptions	7.0	6.9	6.6	6.3	6.1	5.8
1986 assumptions	7.1	6.7	6.5	6.3	6.1	5.8

[1] Not adjusted for December 1985 revisions.

[2] Fourth quarter to fourth quarter.

Several factors combine to bring about this projected improvement. In the very near term, the inventory cycle is entering a phase of stockbuilding that ought to provide an important, although temporary, stimulus to real GNP. In addition, the yearlong decline in the foreign exchange rate of the dollar should begin to restrain imports, while stimulating exports. Thus, stockbuilding and the foreign trade balance, which pulled down growth in 1985, should exert an upward push in 1986.

Beyond the near term, business and consumer spending is forecast to move forward, propelled by the return to sounder fiscal and monetary policies. The favorable effects of GRH have already been felt in financial markets. Interest rates have fallen, the stock market has set record highs, and the dollar has declined in an orderly manner. Market fears that Federal spending would remain uncontrollable have given way to the hope that fiscal discipline can be restored.

Fiscal restraint will permit the monetary authorities to pursue an anti-inflation policy directed at slowly reducing the rate of growth of the monetary aggregates. The administration remains committed to its long-run goal of restoring a stable price level. Fiscal responsibility is needed to reach that goal. If it is achieved, as assumed in this budget, there is reason for optimism in the economic outlook, not only in 1986, but also in the years beyond.

Inventory Accumulation.—The changing tempo of inventory accumulation has dominated the pattern of growth during the recovery. During the first six quarters of the upturn, stockbuilding added 2½ percentage points to overall real growth; during the next six quarters, it cut 1¼ points off the growth rate. Real final sales, which exclude inventory change, have grown much more steadily, rising at just over a 4% annual rate during the first phase of the recovery and somewhat under 4% during the next year and a half.

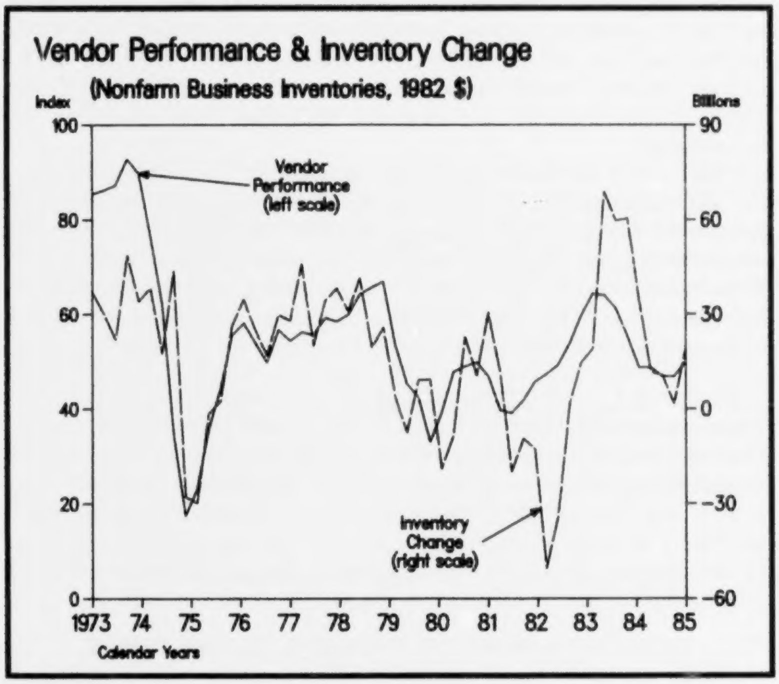
REAL GNP GROWTH AND INVENTORY INVESTMENT IN THE CURRENT EXPANSION

(Percent change at annual rate)

	1st 6 quarters	Next 6 quarters
Final Sales	4.3	3.4
+ Inventory contribution	2.6	−1.2
= Real GNP	6.9	2.1

Large swings in inventory accumulation cannot proceed for very long in one direction. After exerting a negative effect on growth for nearly 2 years, the process of slower stockbuilding appears to have run its course. This year, the impact of inventory change on growth will almost certainly be positive once again. The swing from a negative to a positive impact on real GNP is foreshadowed by the shift at the end of 1985 from shorter to longer delivery times for goods ordered.

With delivery times on the rise, purchasing managers must quicken the pace of orders to be assured of adequate materials. The faster rate of ordering, in turn, will produce progressively larger positive changes in inventories, in terms of both goods in the process of production and finished goods. As the following chart shows, a reversal in delivery times (measured by vendor performance) is soon followed by a similar change in inventory accumulation.



The Foreign Sector.—The declining net export balance, which cut real GNP growth by over two percentage points during the first year and a half of the recovery and by one-half percentage point subsequently, now seems poised to stimulate growth in 1986. The substantial decline of the dollar over the past year should enable U.S. producers to compete more successfully against foreign-made goods both at home and in markets abroad.

REAL GNP AND NET EXPORTS IN THE CURRENT EXPANSION

(Percent change at annual rate)

	1st 6 quarters	Next 6 quarters
Gross Domestic Purchases	9.0	2.8
+ Net export contribution	−2.1	−0.7
= Real GNP	6.9	2.1

After soaring to record heights last February, the dollar retreated during the spring and summer of 1985. In September, the Finance Ministers of the Group of Five (G–5)—United States, Japan, West Germany, United Kingdom, France—agreed upon a program to encourage an orderly appreciation of foreign currencies relative to the U.S. dollar. This program called on the U.S. to initiate actions that would reduce future Federal deficits and on the other industrial countries to spur the growth of their domestic economies. The ministers also accepted occasional intervention in the foreign exchange markets. Following the meeting, several central banks sold large quantities of dollars for other currencies. These actions and the passage of GRH facilitated a sharp strengthening of foreign currencies, especially the Japanese yen, against the dollar. By the end of 1985, the dollar had declined 23% on a trade weighted average basis from its February peak.

Although several years normally are required before the full effects of a sustained change in the value of other currencies relative to the dollar are felt on trade flows, the peak impact is expected after approximately six quarters. Thus, growth this year and next should receive a sizable boost from an improving constant dollar net export balance. Elimination of the trade deficit, however, may require a continuing currency realignment. This could occur if the G–5 nations act on their agreed upon policy prescription. The U.S. has taken the first step toward reducing, and finally eliminating, the Federal deficit by passing GRH. With lower consequent U.S. interest rates, the other G–5 members will have room to reduce their structural rigidities and support their own growth. An acceleration of growth in these industrial economies would increase their attractiveness to foreign investments. This would begin to reverse the flow of international capital into the U.S. and increase the demand abroad for U.S. goods and services.

Financial Markets Signal an Improving Economy.—Over the past year and a half, interest rates have declined dramatically, and there has been a substantial increase in the price of stocks and bonds—climaxed in the fourth quarter by a stock market rally that raised the major indexes more than 15%.

The improvement in financial markets occurred in two distinct stages. The first stage started in the fall of 1984, shortly after the growth "pause" began, as the slowdown in U.S. economic activity reduced interest rates by weakening the demand for credit. At the same time, monetary policy, which had been quite restrictive earlier in 1984, eased substantially. Together, these forces acted to lower interest rates—especially short-term rates. After firming for a few months early in 1985, short-term rates resumed their decline until June 1985. That marked the end of the first stage.

The second stage of the financial market rally got underway in the late fall of 1985. This time, it was led by long-term interest rates. From late October to the end of December, the yield on 20-year Treasury bonds, as well as corporate bonds and mortgages, fell more than a hundred basis points, returning to levels not seen since 1979. These declines were not accompanied by falling short-term rates, which held steady in the 7% to 8% range, nor could they be traced to any obvious change in monetary policy.

One part of the explanation for the fall in long-term interest rates is that there was a growing belief that the GRH amendment would pass and that it would mean a significant improvement in the Federal budget deficit and, therefore, in the prospects for price level stability over the longer term. The timing of this rally is significant. It began when Senators Gramm, Rudman, and Hollings first proposed their budget reform in October of 1985. As the prospects for passage of the bill improved throughout November and December, the rally strengthened, with stock prices reaching new highs following the passage of the bill shortly before Christmas.

The increase in stock and bond prices, together with lower interest rates, is forecast to have a number of positive effects on the economy.

- Consumers' wealth has increased, raising their ability to spend and offsetting the restraining effects of high debt/income ratios. The stock market gain may have added a quarter of a trillion dollars to household net worth during the final three months of last year.
- The purchase of housing and consumer durables is forecast to increase. To some extent, this was already starting to occur in 1985 in response to the first stage of the interest rate decline, but the further decline in interest rates in November and December should stimulate additional consumer investment in 1986.
- The cost of capital to corporations has been reduced by the decline in interest rates and the rise in stock prices, and this should stimulate additional investment in capital goods.
- Even if the exchange value of the dollar falls no further, the prospect for improvement in the U.S. trade deficit should help

the competitive position of U.S. industry and ease the strain on many weakened sectors.

Low Inflation: Key to a Sustainable Expansion.—The sustainability of the current expansion depends heavily upon our keeping inflation under control. In this regard, the inflation performance of recent years has been exemplary and continues to surprise many observers. The Consumer Price Index rose only 3.5% over the four quarters of 1985. This is lower than its 4.1% increase between the last quarter of 1983 and the final quarter of 1984. Other broad measures of prices indicate a similar pattern, as shown in the table below. Indeed, sensitive commodity prices fell throughout most of 1985 after increasing sharply in the early stages of the recovery.

MEASURES OF INFLATION

(Percent change, fourth quarter to fourth quarter)

	CPI all urban	Average hourly earnings index	Producer price index	GNP fixed-weight price index
1980	12.6	9.6	12.3	9.8
1981	9.6	8.4	7.3	8.5
1982	4.4	6.2	3.5	5.0
1983	3.3	4.0	0.8	3.8
1984	4.1	3.1	1.7	4.2
1985	3.5	3.0	1.6	3.5

A number of factors have contributed to the good inflation performance. The most fundamental was the change in monetary policy in late 1979 that reversed more than a decade of accommodation to accelerating prices. Market participants are now apparently confident that the Federal Reserve will restrain future inflation; even the wide margin by which the narrowly defined money supply, M1, overshot its target for 1985 was taken in stride. From the fourth quarter of 1984 to the fourth quarter of 1985, M1 grew almost 12%, well above its 4% to 7% initial target range. The broader monetary aggregates, on the other hand, remained within their targets for the year. This suggests that the extraordinary surge in M1 growth may have a reduced significance compared to five or ten years ago.

Other factors that have contributed to the good inflation performance are the strength of the dollar in foreign exchange markets, the widespread availability of labor and other resources, and weaker oil prices. Between the fall of 1980 and early 1985, the dollar appreciated by 80%. Although it is difficult to measure precisely, the dollar's rise may have pulled the measured inflation rate down about one percentage point a year below what it would otherwise have been. The dollar has declined during the past year, but given the lags between exchange rate changes and inflation, prices in 1985 were more affected by the dollar's earlier rise. Eventually the dollar's decline will be reflected in domestic prices, and this could temporarily stall the disinflation process. The trend rate of inflation, however, should continue to slow if the Federal Reserve pursues a policy of gradually reducing the rate of growth of the money supply.

Oil prices have dropped rather sharply during the 1980s following their explosive rise in the prior decade. This reflects a steady decline in oil and energy use worldwide, a marked rise in the volume of exports from non-OPEC countries, and a large increase in excess OPEC capacity. OPEC decided in December 1985 to abandon its unsuccessful effort to control prices through production quotas. The downward trend in oil prices should partially offset upward pressures on prices from other sources.

The strong dollar, sustained economic growth, deregulation and a resurgence of entrepreneurial activity have increased competition in many sectors of the economy. This has increased productivity growth. Because of earlier monetary restraint, U.S. workers have benefited from higher productivity in the form of rising real wages rather than through accelerating money wage claims that bring no increase in purchasing power.

Although some of the factors that restrained inflation in recent years may operate in reverse in 1986–87, inflation will ultimately be eliminated if we persevere. However, rapid growth in the money supply such as we had last year, if repeated, would undermine the credibility of the Federal Reserve and cause inflationary pressures to rebuild. On the other hand, care should be taken that the slowing of the monetary aggregates be gradual.

GRH should make the task of slowing growth of the money supply easier. Reduced Treasury borrowing is expected to help reduce interest rates. If these expectations are realized, the pressure on the Federal Reserve to use monetary tools to achieve the same effects would be reduced. The problem with using expansionary monetary policy to reduce interest rates is that it leads to more inflation in the long run. Accelerating inflation, in turn, is a major cause of the economic imbalances that precipitate severe recessions. Therefore, one of the most promising aspects of GRH is that it increases the probability that inflation will finally be wrung out of the economy, and thereby improves the chances that the current economic expansion will be prolonged.

Risks in the Outlook.—The major risks in the economic outlook stem from the financial consequences of the spiraling inflation of the 1970s and the subsequent disinflation of the past five years. These risks are a painful reminder of the dangers of undisciplined monetary and fiscal policy.

In the 1970s, many less developed nations experienced rapid increases in the prices of the basic commodities they produce and export. They borrowed heavily in the expectation that commodity prices would continue to rise. When commodity prices fell in the 1980s and the exchange value of the dollar rose, this debt became a heavy burden.

Somewhat similar risks, to a greater or lesser degree, are posed by thrift institutions and the farm sector. Thrift institutions suffered large losses when interest rates soared in the late 1970s and 1980–81. Their short-term cost of funds rose sharply, but the yield on their investments increased very little because their asset portfolios consisted largely of long-term fixed-rate home mortgages. Subsequent declines in interest rates have restored many thrift institutions to profitability, but a significant number have not recovered and, indeed, may have even aggravated their problems by undertaking new and riskier investments.

American farmers were also caught up in the cycle of financial upheavals. In the 1970s, when land values were soaring, many farmers borrowed heavily. Many of them are now finding it very difficult to service their debts. Financial institutions in rural areas have been shaken by the problems farmers have encountered in repaying their loans.

One important side effect of reducing Federal deficits should be to relieve some of the strain on these troubled sectors of the economy and reduce the risks in the economic outlook. Lower interest rates and a more competitive value for the dollar should help farmers to sell more of their output abroad, thereby increasing farm incomes and making farm debts more manageable. Third world borrowers would find it easier to meet their loan payments if world interest rates were to continue downward. The thrift institutions have already found that lower interest rates are helping their profits and increasing the value of their assets.

ECONOMIC ASSUMPTIONS

This section describes the economic assumptions that underlie the budget estimates. The current services estimates displayed in this budget also are based on the same economic assumptions as the budget itself. Allowing the budget to proceed on a current services basis—that is, with no future policy action to change program spending in line with the GRH targets—would change significantly, and for the worse, the economic performance from what is assumed for the budget. However, the convention of basing both the budget estimates and the current services estimates on a common set of economic assumptions does limit the differences between them to only the direct effects of proposed policy actions.

SHORT-RANGE ECONOMIC FORECAST

(Calendar years; dollar amounts in billions)

Item	Actual 1984	Forecast		
		1985	1986	1987
Major economic indicators:				
Gross national product, percent change, fourth quarter over fourth quarter:				
Current dollars	9.0	5.8	8.0	8.3
Constant (1982) dollars	4.7	2.5	4.0	4.0
GNP deflator (percent change, fourth quarter over fourth quarter)	4.1	3.2	3.8	4.1
Consumer Price Index (percent change, fourth quarter over fourth quarter) [1]	3.6	3.3	3.7	4.1
Unemployment rate (percent, fourth quarter) [2]	7.1	6.9	6.7	6.5
Annual economic assumptions:				
Gross national product:				
Current dollars:				
Amount	3,775	3,992	4,274	4,629
Percent change, year over year	11.0	5.8	7.0	8.3
Constant (1982) dollars:				
Amount	3,492	3,574	3,695	3,842
Percent change, year over year	6.6	2.3	3.4	4.0
Incomes:				
Personal income	3,112	3,294	3,486	3,756
Wages and salaries	1,835	1,961	2,078	2,247
Corporate profits before tax	238	228	281	330
Price level:				
GNP deflator:				
Level (1982=100), annual average	108.1	111.7	115.7	120.5
Percent change, year over year	4.1	3.3	3.5	4.2
Consumer Price Index: [1]				
Level (1967=100), annual average	307.6	318.5	329.5	343.1
Percent change, year over year	3.4	3.5	3.5	4.1
Unemployment rates:				
Total, annual average [2]	7.4	7.1	6.7	6.5
Insured, annual average [3]	2.8	2.8	2.7	2.6
Federal pay raise (percent):				
Military (October) [4]	4.0	7.0	4.0	4.8
Civilian (January)	4.0	3.5	....	3.0
Interest rate, 91-day Treasury bills (percent) [5]	9.6	7.5	7.3	6.5
Interest rate, 10-year Treasury notes (percent)	12.4	10.6	8.9	8.5

[1] CPI for urban wage earners and clerical workers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs. The manner in which this index measures housing costs changed significantly in January 1985.

[2] Percent of total labor force, including armed forces residing in the U.S.

[3] This indicator measures unemployment under State regular unemployment insurance as a percentage of covered employment under that program. It does not include recipients of extended benefits under that program.

[4] The 1984 pay raise occurred in January. There were 2 military pay raises in calendar year 1985: 4.0% in January and 3.0% in October.

[5] Average rate on new issues within period, on a bank discount basis.

This permits the current services estimates to serve their purpose as a baseline against which to measure the direct budgetary effects of individual policy proposals.

The Outlook for 1986–1987.—The forecast for 1986 and 1987 assumes that monetary *growth* will decline gradually following its acceleration last year, while providing sufficient liquidity to sustain a healthy expansion. It also takes account of the

LONG-RANGE ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	Assumptions			
	1988	1989	1990	1991
Major economic indicators:				
Gross national product, percent change, fourth quarter over fourth quarter:				
Current dollars	7.7	7.0	6.2	5.6
Constant (1982) dollars	4.0	3.7	3.6	3.5
GNP deflator (percent change, fourth quarter over fourth quarter)	3.6	3.2	2.5	2.0
Consumer Price Index (percent change, fourth quarter over fourth quarter) [1]	3.5	3.2	2.5	2.0
Unemployment rate (percent, fourth quarter) [2]	6.2	6.0	5.7	5.5
Annual economic assumptions:				
Gross national product:				
Current dollars:				
Amount	4,995	5,359	5,709	6,036
Percent change, year over year	7.9	7.3	6.5	5.7
Constant (1982) dollars:				
Amount	3,996	4,151	4,301	4,454
Percent change, year over year	4.0	3.9	3.6	3.5
Incomes:				
Personal income	4,012	4,266	4,506	4,748
Wages and salaries	2,418	2,587	2,743	2,901
Corporate profits before tax	366	394	424	430
Price level:				
GNP deflator:				
Level (1982 = 100), annual average	125.0	129.1	132.7	135.5
Percent change, year over year	3.7	3.3	2.8	2.1
Consumer Price Index: [1]				
Level (1967 = 100), annual average	356.0	367.7	378.0	386.0
Percent change, year over year	3.7	3.3	2.8	2.1
Unemployment rates:				
Total, annual average [2]	6.3	6.1	5.8	5.6
Insured, annual average [3]	2.5	2.3	2.2	2.0
Federal pay raise (percent):				
Military (October)	5.1	4.9	4.5	NA
Civilian (January)	3.0	3.0	3.0	3.0
Interest rate, 91-day Treasury bills (percent) [4]	5.6	4.8	4.3	4.0
Interest rate, 10-year Treasury notes (percent)	7.3	5.5	4.8	4.5

[1] CPI for urban wage earners and clerical workers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs.

[2] Percent of total labor force, including armed forces residing in the U.S.

[3] This indicator measures unemployment under State regular unemployment insurance as a percentage of covered employment under that program. It does not include recipients of extended benefits under that program.

[4] Average rate on new issues within period, on a bank discount basis. These projections assume, by convention, that interest rates decline with the rate of inflation.

effects of the large spending cuts proposed in this budget, which are consistent with the targets set in GRH. In keeping with the usual practice, the assumptions are presented for calendar years, rather than fiscal years.

The highlights of the forecast are as follows:

- Real GNP is expected to grow 4.0% in both 1986 and 1987. This is consistent with a return to healthy expansion following a year and a half of relatively sluggish growth.

- The GNP deflator is projected to rise by 3.8% in 1986 and 4.1% in 1987. This is a slight acceleration from the remarkably low 1985 rate of increase (3.2%), but it is still moderate. The rapid growth of the money supply last year and the recent appreciation of other currencies relative to the dollar are the main factors behind the projected slight rise in inflation. Slower monetary growth in 1986 and 1987 is assumed to help slow and then reverse the rise in the GNP price deflator during the course of 1987.
- The unemployment rate is expected to decline moderately in 1986 and 1987 consistent with the pace of economic growth.
- The recent downward trend in long-term interest rates is expected to continue, but at a slower pace, during 1986 and 1987. Short-term rates are expected to rise moderately in 1986 as a result of stronger economic activity, and then to resume their downward trend in 1987.

The Long-Term Assumptions: 1988–1991.—The long-term economic assumptions are not intended as forecasts of future economic conditions. They are extrapolations of trends for the relevant economic variables. These projections are based on two assumptions: that the fiscal policy proposed in this budget will be enacted and that the Federal Reserve will pursue a policy of gradually reducing the rate of growth of the monetary aggregates.

In constant 1982 dollars, real GNP is projected to grow at an annual rate of 4.0% in 1988, progressively slowing to 3.5% in 1991, which is close to the economy's postwar average. This is consistent with a decline in the unemployment rate to 5.6% by 1991. Underlying the real growth assumptions are continuing strong increases in employment and a 2% per year improvement in output per hour worked in the nonfarm business sector over the 1988–1991 period.

Although the population over age 16 will grow by only 1% a year over the next five years, the economic assumptions call for a substantially faster increase in employment. There are three reasons for this assumption:

- Demographic and social trends have produced substantial gains in female labor force participation; these are expected to continue through 1991.
- The number of people in the prime working ages, 25 to 54, will be growing rapidly, so that they will constitute an increasing share of the labor force. This will raise the average rate of labor force participation for the total population. Also, their greater work experience should tend to raise productivity.
- The unemployment rate is projected to decline gradually between now and 1991.

The assumed 2% average productivity growth is more rapid than that which occurred in the 1970s. A variety of administration policies, private initiatives and demographic factors have helped foster a climate that favors increases in efficiency. For example:

- Tax changes since 1981 have reduced the cost of capital and fostered a high rate of real nonresidential fixed investment.
- A considerable part of the capital spending in recent years has gone into computers, which play a particularly important role in productivity improvements.
- Stable, moderate inflation has reduced uncertainty about future profitability, encouraging capital investment.
- Lower inflation expectations have helped moderate wage and salary demands; more flexible work rules and fewer strikes have helped raise labor productivity.
- Deregulation in transportation, energy, and finance has increased productivity in these sectors and lowered their relative prices, transmitting the benefits of deregulation and higher productivity to other sectors.
- The increase in research and development investment since the late 1970s has produced a stream of new innovations that can help sustain productivity growth. Since 1978, the share of GNP going to research and development expenditures has increased 16%.
- Cost-cutting measures by businesses are likely to continue, spurred in part by foreign competition.

The administration assumes that the rate of inflation, as measured by the GNP deflator, will increase to 4.1% in 1987, and then decline gradually, falling to 2.0% in 1991. The administration is committed to a policy of price stability. By 1991, the economy should be close to achieving that goal.

Changes in Economic Assumptions and the Budget.—Had economic assumptions and conditions not changed since last year, the 1990 deficit would have been $10.6 billion rather than the current estimate of $35.7 billion. The shortfall in receipts, which are $37.7 billion lower, is partly offset by $12.6 billion lower outlays. The larger deficit in 1990 is almost entirely attributable to economic performance in 1985, as opposed to changes in the forecast for 1986–1990 (see addendum in following table). The combination of lower-than-projected levels of real GNP, inflation and interest rates last year are estimated to have added $21.3 billion to the 1990 deficit.

EFFECTS ON THE BUDGET OF CHANGES IN ECONOMIC ASSUMPTIONS SINCE LAST YEAR

(Fiscal years, in billions of dollars)

	1986	1987	1988	1989	1990
Budget totals under February 1985 economic assumptions and February 1986 policies:					
Receipts	798.1	870.5	956.8	1,026.2	1,095.8
Outlays	983.7	1,005.4	1,038.7	1,073.3	1,106.4
Deficit (−)	−185.6	−134.9	−81.9	−47.0	−10.6
Changes due to economic assumptions:					
Receipts	−21.0	−20.1	−23.6	−30.1	−37.7
Outlays:					
Inflation and pay raises	−2.7	−5.9	−7.0	−8.9	−11.5
Unemployment	−0.3	−0.4	−0.1	....	....
Interest rates	−2.5	−7.9	−8.5	−4.9	−6.1
Interest on changes in borrowing	1.6	2.9	3.6	4.1	5.0
Total, outlays	−3.8	−11.4	−11.9	−9.7	−12.6
Increase in deficit (−)	−17.2	−8.7	−11.7	−20.5	−25.1
Budget totals under February 1986 economic assumptions and February 1986 policies:					
Receipts	777.1	850.4	933.2	996.1	1,058.1
Outlays	979.9	994.0	1,026.8	1,063.6	1,093.8
Deficit (−)	−202.8	−143.6	−93.6	−67.5	−35.7
Addendum:					
Increase in deficit (+) due to:					
Actual 1985 economic performance	21.0	16.3	15.4	18.6	21.3
Change in the forecast for 1986–1990	−3.8	−7.6	−3.7	1.9	3.8
Percent due to 1985 economic performance	(122)	(187)	(132)	(91)	(85)

Sensitivity of the Budget to Economic Assumptions.—Both receipts and outlays are significantly affected by changes in economic conditions. This sensitivity seriously complicates budget planning because the inevitable errors in forecasting the performance of the economy lead to errors in the budget forecast. Since the budgetary impacts of changes in economic assumptions are fairly predictable, a set of rules-of-thumb can be useful for analysis of the budget.

For example, a one percentage point higher rate of inflation beginning in October 1986 and sustained for the forecast period would raise total outlays by $41.6 billion and receipts by $57.6 billion by 1991. Outlays for indexed entitlement programs would be raised $19.5 billion, and those for nonindexed entitlement programs that rise automatically with the rate of inflation, such as medicare and medicaid, would be $3.3 billion higher. Discretionary spending would increase by $18.8 billion, assuming that appropriations were provided through the budget process to maintain real program levels. These effects assume that nominal GNP would increase one percentage point to reflect the higher rate of inflation, while real economic growth and unemployment remained unchanged.

SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

(Fiscal years, in billions of dollars)

Budget effect	1987	1988	1989	1990	1991
INFLATION					
Sustained one percentage point higher rate of inflation beginning October 1986:					
Outlays, entitlements:					
Indexed programs	0.4	2.6	5.8	9.5	19.5
Non-indexed programs	0.3	0.9	1.6	2.4	3.3
Outlays, discretionary programs:					
Defense	1.4	3.6	6.3	9.3	12.9
Nondefense	0.5	1.5	2.9	4.4	5.9
Receipts	6.5	17.6	29.3	42.5	57.6
REAL GROWTH					
Sustained one percentage point lower real GNP growth beginning October 1986:					
Receipts	−6.2	−17.7	−30.5	−44.7	−60.6
INTEREST RATES (EFFECT ON NET INTEREST)					
Sustained one percentage point increase in interest rates under budget policy deficits, beginning October 1986 [1]	5.1	10.3	13.0	14.1	15.3
INTEREST COST OF HIGHER FEDERAL BORROWING					
Effect of $100 billion borrowing in 1987 [2]	4.8	8.4	7.9	7.0	6.6
UNEMPLOYMENT RATE					
One percentage point higher rate beginning October 1986:					
Unemployment benefits	4.7	2.8	2.4	2.6	2.7
Other unemployment-sensitive outlays	1.8	2.0	2.0	2.0	2.0
FEDERAL PAY RAISES					
Outlay effect of one percentage point increase:					
Military personnel (October 1986)	0.5	0.5	0.5	0.5	0.6
Civilian employees (January 1987)	0.4	0.6	0.7	0.7	0.7
Employer share, employee retirement	−0.1	−0.1	−0.1	−0.1	−0.1
COMBINED EFFECTS					
Effect of a one percentage point higher annual rate of inflation (and interest rates) beginning October 1986, current services basis:					
Change in receipts	6.5	17.5	29.3	42.5	57.6
Change in outlays	7.9	20.2	32.7	44.7	64.5
Increase in deficit (−)	−1.4	−2.7	−3.5	−2.2	−6.8
Effect of a one percentage point lower annual rate of real growth, with higher unemployment, beginning October 1986:					
Change in receipts	−6.2	−17.7	−30.5	−44.7	−60.6
Change in outlays	1.1	4.3	8.5	12.6	17.6
Increase in deficit (−)	−7.2	−22.0	−39.0	−57.3	−78.2

[1] Omits increase in receipts due to higher Federal Reserve System deposits of earnings.

[2] Includes subsequent interest on borrowing incurred to pay for previous interest costs.

Higher inflation is likely to affect other economic factors that influence the deficit, such as interest rates and Federal pay. The direct and indirect effects of a one percentage point higher rate of inflation beginning October 1986 are shown in the lower part of the accompanying table. Note that the effects of the higher inflation rate on outlays and receipts are roughly offsetting and the net effect on the deficit is small.

The second set of figures shows the impact of a rate of real and nominal economic growth one percentage point lower than in the budget for the 1987-91 period. By 1991, the budget deficit would be $78 billion higher. Inflation and interest rates are assumed to be unchanged, but the unemployment rate is assumed to rise by one percentage point for each two percentage points that the level of real GNP falls below its base path. Outlay effects include the interest costs due to the increased deficit. From this analysis, it is clear that threats to the economy's real growth potential are also threats to progress on the deficit.

The effects of changes in economic assumptions in the opposite direction are approximately symmetric. The impact of a percentage point lower inflation or higher real growth would be of about the same magnitude as shown, but of opposite sign.

These rules-of-thumb ignore possible changes in the assumed income share composition of GNP that would be likely to accompany any changes in real growth, inflation, or interest rates. Because different income components are subject to different taxes and tax rates, estimates of total receipts can be affected significantly by changing the income shares. These relationships are too complex, however, to reduce to simple rules-of-thumb.

PART 3

DEALING WITH THE DEFICIT: MAJOR BUDGET PROPOSALS

DEALING WITH THE DEFICIT: MAJOR BUDGET PROPOSALS

The President's budget for 1987 accomplishes four key goals:

- It reduces the deficit as required to sustain economic growth and in doing so meets the deficit targets called for by the recently-enacted Gramm-Rudman-Hollings law (with a deficit of no more than $144 billion in 1987 and a balanced budget in 1991).
- It envisions no tax increase.
- It provides necessary funding for national security.
- It contains no cuts for social security benefits and preserves benefits for those in need.

The budget achieves these goals by ending Federal activities that have outlived their usefulness; by transferring to State and local governments or to the private sector those activities they can carry out more efficiently; by making appropriate changes in the scope of remaining programs, including the better targeting of social services programs; and by making Government programs more efficient, effective, and accountable.

On a current services basis, the deficit is projected to reach $182 billion in 1987, or 4.0% of GNP, declining to $104 billion, or 1.7% of GNP, by 1991. The budget proposals would hold the deficit to $144 billion in 1987, or 3.2% of GNP, with a steady reduction in the deficit in subsequent years resulting in a surplus of $1 billion in 1991.

FEDERAL GOVERNMENT TOTALS

(Dollar amounts in billions)

	1986	1987	1988	1989	1990	1991
Current services:						
Receipts	776.5	844.1	927.3	989.2	1,053.0	1,120.2
Outlays	982.0	1,025.9	1,077.3	1,128.1	1,179.3	1,224.1
Deficit	−205.6	−181.8	−150.0	−138.9	−126.3	−103.9
Percent of GNP	4.9	4.0	3.1	2.6	2.2	1.7
Proposed:						
Receipts	771.1	850.4	933.2	996.1	1,058.1	1,124.0
Outlays	979.9	994.0	1,026.8	1,063.6	1,093.8	1,122.7
Surplus or deficit	−202.8	−143.6	−93.6	−67.5	−35.8	+1.3
Percent of GNP	4.8	3.2	1.9	1.3	0.6	*
G-R-H deficit target	−171.9	−144.0	−108.0	−72.0	−36.0	0

*0.05 percent or less.

The proposals in this budget are estimated to reduce the 1987 deficit some $38 billion below current services. In total, the budget proposals reduce the deficit by $166 billion over the next 3 years and $362 billion over the next 5 years.

FEDERAL GOVERNMENT TOTALS AND PROPOSED CHANGES [1]

(In billions of dollars)

	1986	1987	1988	1989	1990	1991
Defense function:						
Current services	265.8	284.9	303.7	328.6	354.1	379.4
Policy change	....	−2.7	−4.5	−6.3	−9.3	−13.1
Proposed level	265.8	282.2	299.1	322.3	344.8	366.3
Social security benefits:						
Current services	197.6	209.6	223.6	237.5	252.4	261.1
Policy change	....	−*	−*	....	....	....
Proposed level	197.6	209.6	223.6	237.5	252.4	261.1
Low income support benefits:						
Current services	40.2	40.1	42.7	43.1	43.0	44.4
Policy change	−0.1	−0.7	−0.9	−1.1	−1.3	−1.4
Proposed level	40.1	39.4	41.8	41.9	41.7	43.0
Other nondefense programs:						
Current services	371.5	377.8	399.3	416.8	436.7	454.7
Policy change	−2.0	−24.9	−35.8	−47.1	−58.1	−68.1
Proposed level	369.5	352.9	363.5	369.7	378.6	386.6
Undistributed offsetting receipts:						
Current services	−34.6	−35.8	−40.7	−40.7	−41.9	−44.2
Policy change	−1.2	−2.4	−5.6	−3.1	−7.3	−6.0
Proposed level	−35.8	−38.1	−46.4	−43.8	−49.3	−50.2
Net interest:						
Current services	141.5	149.2	148.7	142.8	135.1	128.6
Policy change	+1.2	−1.2	−3.6	−6.8	−9.5	−12.8
Proposed level	142.7	148.0	145.1	136.0	125.6	115.9
Total outlays:						
Current services	982.0	1,025.9	1,077.3	1,128.1	1,179.3	1,224.1
Policy change	−2.1	−31.9	−50.5	−64.5	−85.5	−101.4
Proposed level	979.9	994.0	1,026.8	1,063.6	1,093.8	1,122.7
Receipts:						
Current services	776.5	844.1	927.3	989.2	1,053.0	1,120.2
Policy change	+0.7	+6.3	+5.9	+6.9	+5.0	+3.9
Proposed level	777.1	850.4	933.2	996.1	1,058.1	1,124.0
Deficit or surplus:						
Current services	−205.6	−181.8	−150.0	−138.9	−126.3	−103.9
Policy change	+2.8	+38.2	+56.4	+71.4	+90.5	+105.2
Proposed level	−202.8	−143.6	−93.6	−67.5	−35.8	+1.3

*$50 million or less.

[1] Includes off-budget social security outlays and receipts.

Despite the overall fiscal restraint, this budget preserves vital national security, health, safety, and other services that benefit the aged, the needy and the general public.

PURSUE PRIORITY INITIATIVES

National defense.—Protection of the Nation's security is one of the fundamental duties of the Federal Government. It is essential that we equip, operate, and maintain the military forces needed to protect our vital national interests. The President's budget for defense maintains the real program level for 1987 approved in the 1986 Congressional Budget Resolution.

During the 1970's the United States severely underfunded defense programs. Spending for defense fell from an average of 8.9% of GNP during the 1960's to 5.0% of GNP in 1980. Over the past 5 years the administration reversed the decline in real defense spending and achieved significant progress in strengthening our military capabilities. The United States now possesses the most effective peacetime military ever, and as a consequence has been able to embark on meaningful negotiations with the Soviets over mutual, verifiable reductions in nuclear arms.

The compromise budget resolution that Congress passed last year called for no real growth in defense funding in 1986 and 3% real growth each year thereafter. The appropriations enacted for 1986 did not provide the defense funding levels agreed to in the resolution. The sequestration required by Gramm-Rudman-Hollings resulted in additional cuts in defense funding. As a result of these cuts, the level of defense funding provided for 1986 is more than 5% below 1985 in real terms.

The administration is proposing 1987 defense funding levels that provide the real program agreed to in last year's Budget Resolution. Savings from the actual dollar amounts contained in the Resolution have been achieved due to lower inflation and pay assumptions. The proposed funding levels beyond 1987 permit replacement of aging systems and maintenance of the increased defense capability we have achieved.

Without sustained, moderate funding increases the Nation will inevitably face the need for large catch-up increases—at much greater cost and with substantially increased risk to our national security. The American people will not—and should not—accept a return to the neglect of the 1970's, a decade of defense decline.

Security assistance.—Threats to U.S. national security occur worldwide. While U.S. military strength is the major deterrent to such challenges, the United States must also assist key friendly, developing countries in resisting communist and other aggression. Thus, international security assistance is a vital complement to national defense spending in achieving a secure and peaceful world. In a number of circumstances, increasing the defense capacity of these allies can be more effective and less expensive than equipping U.S. forces for the same task. Therefore, the budget proposes an international security assistance program of $11.3 billion in budget authority for 1987. This is $1 billion above the 1986 level but is $0.6 billion (4.7%) below the amount planned for 1987 as shown in the Mid-Session Review of the 1986 Budget. These funds will help further the Middle East peace process, defend against communist aggression in Central America, secure the right to maintain U.S. military bases in a number of countries around the world, and strengthen the military forces of countries such as Pakistan on the southern periphery of the Soviet Union. Any reduction in these funds will seriously impair our ability to support free government around the world.

Diplomatic security.—The budget provides additional funding in support of the administration's effort to fight terrorism, particularly attacks on United States citizens. The terrorist incidents of the past year have made it clear that an all-out effort on the part of the United States and its allies is needed to counteract these violent attacks on innocent persons. While several of the most recent incidents have been directed at Americans travelling abroad, the greatest continuing threat is to U.S. officials stationed overseas. Accordingly, the State Department is expanding significantly its program to improve the security of U.S. diplomatic installations abroad. A 1986 supplemental appropriation of $0.7 billion is being sought, increasing total 1986 budget authority for security to $1.2 billion. In 1987, the security program is being increased further to $1.7 billion. The protection of foreign officials in the United States against terrorist attacks will be increased and officials of other governments will be trained in the techniques of countering terrorism. Intelligence efforts are also being stepped up, and necessary measures will be taken against those who encourage or harbor terrorists.

Law and Drug Enforcement.—The administration considers improvements to Federal law enforcement, particularly in the area of drug enforcement, to be a major domestic priority. The Government-wide drug enforcement program now involves over 20 Federal agencies. Budget authority of $1.8 billion is requested for this program in 1987, an increase of $181 million over the 1986 level. The largest portion of this increase ($48 million) will go to the Drug Enforcement Administration, which is the lead agency in fighting the war on illicit drugs. Funding for the drug enforcement activities of the Federal Bureau of Investigation (FBI) in 1987 is proposed to increase $9 million over 1986. Funding for the nondrug activities of the FBI is proposed to increase by $112 million between 1986 and 1987. This increase provides for additional staff and equipment in several areas and enhances the effectiveness of

FBI investigations of white-collar crime, organized crime, foreign counterintelligence, and general crimes.

Basic Research.—The budget reflects the high priority that this administration continues to give support for basic research. Government-wide support for basic research is proposed to increase by more than 3% in real terms in 1987. Fundamental knowledge in scientific fields such as mathematics, physics, and materials science, and in the various engineering disciplines provides the basis for a healthy long-term economy, a strong defense, and a better quality of life for all our citizens. The administration's commitment to basic research is exemplified in the proposed 1987 budget of the National Science Foundation (NSF), which provides over $1.4 billion in support of basic research in science and engineering, an increase of $167 million over 1986.

Space.—The budget maintains U.S. leadership in space by continuing most major ongoing space projects, by restoring progress in the space shuttle program towards routine and reliable space flight, and by initiating several major space science and technology efforts. In 1987, the National Aeronautics and Space Administration (NASA) plans to initiate the development phase of the Space Station, a project designed to take full advantage of the unique environment of space. In addition, the budget supports a vigorous and balanced research program in space science and the application of advanced space technologies. This includes two major new space science initiatives and a new research program supported jointly by NASA and the Department of Defense to explore new technologies for a transatmospheric vehicle that could reduce dramatically the cost of space flight. Budget authority of $7.0 billion is proposed for NASA space programs in 1987—an increase of $0.3 billion over 1986.

Aviation safety.—The budget includes several measures to enhance aviation safety, including additional traffic controllers at busy locations and increasing the number of safety inspectors. The Federal Aviation Administration is undertaking a broad effort to modernize the air traffic control system and related safety facilities. The detection of severe weather will be improved through procurement of the long-range and terminal doppler weather radar system. Budget authority of $4.8 billion is proposed for 1987, an increase of $33 million over 1986.

AIDS.—Acquired immune deficiency syndrome (AIDS) remains the highest public health priority of the Department of Health and Human Services. Complementing State and local programs, the Federal effort encompasses health education and risk prevention, as well as research on the causes of and potential treatments for

AIDS. Budget authority of $213 million is requested for AIDS research and education in 1987. These funds will be coordinated by the Office of the Assistant Secretary for Health to ensure a coherent national effort against AIDS.

ELIMINATE INEFFECTIVE, DUPLICATIVE, OR UNNECESSARY PROGRAMS

Government subsidies to businesses often provide an unfair competitive advantage or favor the least efficient firms over their more productive counterparts. The budget addresses these problems in several areas:

- The administration continues to seek elimination of the credit programs of the Small Business Administration (SBA) and the transfer of many of SBA's remaining programs to the Department of Commerce. As a group, small businesses will benefit more from the administration's continuing efforts to stabilize financial markets, reduce inflation and interest rates, and eliminate burdensome regulations than they will from direct Federal credit subsidies. More than 99% of small businesses already obtain financing without Federal assistance.
- The administration proposes to eliminate all Federal aid to the six State maritime schools except student incentive payments that have already been committed. Such Federal subsidies cannot be justified given the projected oversupply of licensed merchant marine officers through the early 1990's. The administration is proposing the immediate repeal of the recently-enacted expansion of the cargo preference requirement and the termination of the Title XI loan guarantee program for ship construction, which has recently experienced high levels of defaults.
- The administration also proposes to terminate several programs that provide direct financial assistance or insurance to the domestic commercial fishing industry, so as to eliminate the special treatment enjoyed by this industry.
- The administration proposes to terminate the Agricultural Stabilization and Conservation Service cost-sharing programs and the Soil Conservation Service programs on private lands, including the small watershed program. These programs have not accomplished their intended purpose. The new conservation reserve program authorized by the 1985 farm bill, coupled with other conservation provisions in the bill, are far more effective responses to conservation of agricultural lands.

Nor should the Federal Government fund State and local governments in activities that assist only specific geographic areas or allow areas simply to compete with each other at the expense of the taxpayers as a whole. Therefore, the administration is proposing to terminate the Urban Development Action Grants (UDAG) program in 1987 and rescind $206 million of the 1986 appropriation. This proposal is part of the Government-wide effort to reduce local economic development subsidies and reduce excessive Federal intervention in the economic decisions of firms and individuals. Of course, cities may use community block grants for economic development projects if they so choose.

The administration is also proposing to terminate the Economic Development Administration (EDA) and the Appalachian Regional Commission (ARC), beginning with a rescission of appropriations in 1986. These programs have outlived their purpose. They no longer target assistance to those in need, and instead often serve as pork-barrel for local and regional interests at the expense of the general public. The budget provides for staff to close out these grants and loan programs, and ensures adequate debt collection and auditing of outstanding projects. The budget also proposes to eliminate the regional economic, but not the power, programs of the Tennessee Valley Authority in 1987 and the rural development loans and grants of the Department of Agriculture.

The administration again proposes to eliminate Federal funding for the Legal Services Corporation, and to rely instead on private attorneys and other Federal programs to provide civil legal aid. Private attorneys can and should do much more to provide legal services to the poor. There are over 600,000 attorneys nationwide, nearly double the number 10 years ago. States can also use social services block grants to supplement or coordinate increased efforts by the private bar.

The budget proposes legislation to terminate the Interstate Commerce Commission (ICC) and further deregulate the motor carrier, freight forwarder, water carrier, and bus industries. Termination of the ICC reflects the administration's commitment to the economic deregulation of the surface transportation industry, based on a conclusion that the benefits outweigh the costs to the public.

The administration is proposing to end the new GI Bill test program on October 1, 1986, and resume the Veterans Educational Assistance Program that has been suspended during the new GI Bill test period. This would yield substantial long-term budget savings because the Government share of the basic benefits is lower under the educational assistance program. The new GI Bill does not appear to be cost effective in recruiting and may also encourage personnel to leave the military in order to take advantage of its benefits.

REFORM SOCIAL SERVICES

The Federal Government funds a wide array of entitlement and discretionary programs that finance benefits for medical care, higher education, income support, and other social services. The administration continues to support reforms to focus assistance on the people most in need, to promote efficient and effective program operations, and to eliminate or reduce costly programs.

Proposed outlays for social security benefits and low-income benefits are projected to rise from $238 billion in 1986 to $249 billion in 1987. The $0.7 billion, or 0.3%, cut in these programs reflects proposed restraint in administrative expenses and a reduction in error rates. The administration is proposing no cuts in the benefit levels for supplemental security income, veterans pensions, food stamps, and aid to families with dependent children (AFDC). The administration is proposing reforms to:

- Simplify the administration of food stamps and AFDC by establishing a uniform 50% matching rate for State administrative costs to replace the complicated and disparate rates now in place (similar changes are proposed for medicaid);
- Encourage States to serve the highest risk participants in the special supplemental food program for women, infants and children (WIC) by gradually adjusting State grant allocation formulas; and
- Increase State liabilities for food stamps given to people who are not eligible for them and bring the liability rate for errors towards conformity with medicaid and AFDC.

Under existing laws and regulations, outlays for medicare, which is one of the largest programs in the Federal budget, are expected to reach $74.9 billion in 1987—a four-fold increase over 10 years ago. Third-party payers of health care, led by private employers and insurers, have sought aggressively to constrain exploding health care costs. Following the private sector's lead, the administration's proposals would extend its own efforts to administer the medicare program as a prudent insurer by relying on competitive, market-oriented incentives and reforming inflationary cost-reimbursement payment systems. The administration is proposing legislation to:

- Reform payments to hospitals for direct medical education and eliminate indirect medical education windfall payments to teaching hospitals;
- Increase gradually the medicare Part B premiums to 35% of program costs over 5 years; and
- Increase the deductible for supplementary medical insurance (mainly physician's services), which has been increased only twice since 1966.

Even after these changes, medicare outlays are estimated to rise from $70.2 billion in 1987 to $98.4 billion in 1991.

In the past 20 years, the cost and complexity of Federal programs for student aid have exploded, resulting in a system that is unnecessarily expensive and difficult to administer. Between 1969 and 1985, Federal outlays for student aid rose from $0.6 billion to $7.7 billion—about 2½ times the rate of inflation. In 1985 about 5.6 million students—almost half of all students—received federally-generated aid totaling over $14 billion. Such aid covered over 20% of the total educational costs of all students and almost 50% of the educational costs of those students receiving aid. The administration is proposing reforms that would:

- Provide aid on a less costly basis, while enhancing a student's ability to manage school costs;
- Target aid in 1987 on about 3.9 million students most likely to benefit and in clear need of assistance; and
- Help bring about significant reductions in program error rates and abuse, thus curbing wasteful spending.

The administration is also proposing reforms to:

- Replace the expired Trade Adjustment Assistance program with improved aid to dislocated workers under the Job Training Partnership Act by assuring that grants to areas suffering significant economic shock can be made as quickly as possible;
- Concentrate Federal subsidies for meals served in schools and child care facilities on children from lower-income families, discontinuing meal subsidies for upper-income students;
- Limit Federal medicaid payments to the States to reasonable annual increases and adopt reforms to increase significantly the ability of the States to control costs;
- Eliminate the unsuccessful work incentive program and reform the AFDC program so that States would require employable AFDC and food stamp recipients to engage in job search and work activities as a condition for eligibility, with training and social services available under the Job Training Partnership Act and the social services block grant;
- Implement a means test for veterans medical care, obtain private insurance reimbursements, and increase the use of State and community nursing home programs sponsored by the Veterans Administration so that more resources will be available to care for poor veterans and those with service-connected health problems;
- Reform refugee and entrant assistance to encourage early self-sufficiency of refugees and limit payments to States;
- Eliminate direct Federal subsidies for training of health professionals, because there is expected to be a surplus of professionals in most health care disciplines in the 1990's;
- Reduce the cost of providing health services to Indians by the increased use of health maintenance organizations;

- Limit funding for the Job Corps to those centers that are most efficient and cost-effective and that are located near those they serve;
- Restrict funding for the summer youth employment program to areas of the country with the most severe youth unemployment problems and increase the emphasis on literacy training;
- Cover rail workers under the Federal/State unemployment insurance system and shift to the rail industry a quarter of windfall subsidy costs;
- Reduce and redirect funding for vocational and adult education so that State grants could only support programs for the disadvantaged, handicapped, and other special groups; and
- Fund 18,000 National Institutes of Health biomedical research grants a year, with Federal payments for overhead limited to 20% of research costs.

The result of these proposals will be a reform of social services programs to provide necessary services to those truly in need on the most efficient basis possible in an era of fiscal restraint. The basic income support programs for the needy remain intact.

REDUCE COMPETITION WITH THE PRIVATE SECTOR

Over the past 50 years, the Government has expanded without any clear criteria for determining which activities it should undertake and which it should not. Politics, rather than policy, often dictated program design. At the present time, the Government is engaged in many activities that are similar to, or even the same as, those provided by the private sector.

The wealth of society tends to be greatest when production and distribution take place in private, competitive markets. Private firms are forced by the pressures of competition to be efficient and responsive to consumer demands, or they will not succeed in the long run. The incentives to control costs are stronger in the private sector, no matter how much we try to improve the management of the public sector, because Government managers do not have the discipline of the market place. Government also frequently misprices the goods and services it sells, either because it consciously chooses to do so or because it lacks sufficient information to price its services correctly.

The inefficiencies associated with Government are exacerbated when Government holds itself out as the sole supplier of a good or service, depriving consumers of meaningful choice. In some cases, Government suppliers are competitive only because they are subsidized, or because private firms are barred from competing. Moreover, when Government subsidizes commercial activities, it inhibits the development of private suppliers. When Government chooses to compete with the private sector, it can always win; but because of the inefficiencies mentioned above, the taxpayer always loses.

This year's budget proposes to return some of these activities to the private sector. Some of these proposals have appeared in previous budgets. Some are new. All are designed to take advantage of the incentives for lowering costs and satisfying consumers that characterize the private sector.

The administration is proposing to sell:

- *Power Marketing Administrations* (Bonneville, Alaska, Southeastern, Southwestern, and Western Area). These agencies sell 6% of all electrical power produced in the United States each year. The budget assumes privatization of the Bonneville and Southwestern Power Administrations in 1988, followed by the other three power agencies in subsequent years. This initiative is estimated to yield net savings of $0.2 billion in 1987, $1.6 billion in 1988, and $12.7 billion over the period 1987 to 1991.
- *Naval petroleum reserves.*—These reserves consist of two oil fields—Elk Hills in California and Teapot Dome in Wyoming—that are currently run by the Department of Energy. Rather than continue to operate the fields, selling oil a barrel at a time, the budget proposes the outright sale of the fields to the highest bidder. This sale is estimated to yield an additional $1.0 billion in 1987 and $1.9 billion in 1988.
- *Surplus property.*—In 1987, the General Services Administration plans to sell $0.5 billion of surplus real property that could be used more effectively in the private sector.

The administration is proposing to terminate Federal subsidies to Amtrak and for land remote sensing satellites (Landsat), which provide benefits mainly to the recipients of the services in question and not to the general public. On some routes, Amtrak subsidies, which average about $33 per passenger, only draw passengers away from unsubsidized, more efficient airline and bus companies. On other routes, passenger train service may continue if there are riders willing to pay the costs of the service. In any case, Amtrak provides only one-fourth of 1% of the Nation's intercity travel. The subsidies provided under Landsat yield benefits to particular interests (e.g., oil companies). Previous Government support has already subsidized the development of this new technology; if the services it provides are to continue, the users must pay the costs.

The Government's insurance programs have often inhibited the development of private alternatives. When the Government charges prices that do not cover costs, private firms find it difficult to compete. The budget contains a number of proposals that will shift capital allocation decisions back to the market and allow private firms to be more competitive. The administration is proposing to:

- Change the Federal Housing Administration (FHA) single-family mortgage insurance program to restrict the availability of Federal mortgage insurance to those with the fewest options for financing the purchase of a home. In addition, the administration will review alternatives for selling the FHA mortgage insurance business to the private sector.
- Increase premium rates and phase out Federal subsidies for crop insurance. By 1991, all crop insurance would be written by private insurance companies without Federal subsidy.
- Study how to privatize the provision of political risk insurance by the Overseas Private Investment Corporation. The private market in this area is growing and would grow faster if private firms did not have to compete with the subsidized rates charged by the Government.
- Determine whether to begin using private reinsurers for Federal guaranteed loans with a possible test beginning in 1987.

Housing and education vouchers alter the form of Government support for basic necessities, giving the recipients a choice of suppliers and thereby providing the benefits of competition. In housing, the administration is proposing to terminate support for Government-sponsored new housing construction and to replace it with rental vouchers that recipients can use where they please. The administration's proposals would provide housing vouchers for 50,000 additional poor households each year beginning in 1986, divided evenly between urban and rural areas. There would be no new commitments for new housing construction programs in the Farmers Home Administration or the Department of Housing and Urban Development. Even with outlay savings that will amount to $29.1 billion over the next 6 years, 5.9 million households will receive some type of housing assistance in 1991, an increase of 430,000 from 1985. In education, the administration would allow the parents of children who participate in federally-supported compensatory education programs to take the money the school district would otherwise spend on them and purchase other schooling for their children.

For more than 3 decades the Federal Government has been involved in an effort to meet more efficiently its needs for goods and services obtainable from commercial sources. The policy expressed in the Office of Management and Budget's Circular A-76 requires that Government-operated commercial services compete with commercial sources to determine the most effective way to obtain the service. This competition is the key to the success of the program, which has reduced costs by over $475 million since 1979, while at the same time improving the quality of service provided. The administration proposes to exempt certain commercial activities from the full cost-study requirement and designate them for direct conversion to contract. These activities will be selected from those performed cost-effectively by the private sector. This change will accelerate the achievement of savings. The budget reflects savings of $52 million in 1987 and $959 million for nondefense over the next 5 years from this accelerated program.

TRANSFER ACTIVITIES TO STATE AND LOCAL GOVERNMENTS

Over the past 20 years, the Federal Government has expanded its role to provide many services not truly national in character and hence more properly administered by State and local governments, which are more responsive to the needs of both benefit recipients and taxpayers. The Federal Government can aid these governments best by promoting continued economic growth so that the base for State and local tax revenues can grow. Reducing Federal spending and the Federal deficit are essential for this continued economic growth.

The competence of State government has increased dramatically over the past 2 decades, as have the resources available to States formerly regarded as impoverished. State revenue systems have become more sophisticated and more broadly based and States are now taking much more responsibility for providing aid to localities. They have demonstrated considerable creativity in developing their economies as well as in controlling health care and other costs. Because their general fund budgets must be in balance, they are accustomed to the discipline of adjusting spending or revenues to current economic realities.

In recognition of the principle of federalism, the administration proposes to return certain responsibilities to State and local governments. The administration also proposes to ease the financial burdens created by this transfer of responsibility by creating or expanding block grants, and by reducing or eliminating regulatory and reporting requirements. In addition, it proposes the reduction or elimination of grants that are not appropriate for the Federal Government.

The administration is proposing the creation of new block grants for local transportation and pollution control and expansion of the existing primary health care block grant. Specifically:

- The administration is proposing budget authority of $3.3 billion in 1987 for a new transportation block grant, to be financed entirely from Federal gasoline tax receipts. Grants would be distributed by formula and could be used without prior Federal approval on highway or transit capital projects in any locality and for transit operating expenses in small urban and rural areas. The separate mass transit programs and the programs for secondary and urban highways would be terminated. The construction, maintenance, and operation of State and local transportation facilities are primarily State and local responsibilities. However, as long as the Federal Government continues to collect a Federal gasoline tax, a portion of which supports State and local transportation activities, the Federal Government should allocate these nationally collected resources equitably back to the States and localities.

- A new pollution control block grant would combine seven programs into one consolidated block grant. The seven programs include air and water quality, drinking water, underground injection control, toxic substances enforcement, pesticides, and hazardous waste. This consolidation will enhance the ability of State policy makers to administer these programs efficiently and with more flexibility. The $270 million of budget authority proposed for the block grant in 1987 includes $73 million that is designated for the hazardous waste program, which is proposed to remain a categorical grant until 1988.
- The administration proposes to expand the existing primary care health block grant to include three smaller programs for black lung clinics, migrant health, and family planning. Budget authority for the expanded grant is proposed to be $565 million for 1987.

On the other hand, the administration is proposing reductions or terminations in other grants that are not a Federal priority. States and localities should determine without Federal involvement whether these programs justify funding from their own sources:

- Funding for major highway programs is proposed to be $12.8 billion in 1987—$2.6 billion below current services. The funds would finance projects on the interstate system, other primary highways, bridges, and a portion of the proposed transportation block grant. The interstate system completion and repair programs would be replaced by a combined interstate and primary program, to finance either new construction or repair.
- For grants to construct sewage treatment plants, the administration will request $1.8 billion in budget authority for 1987 *after* authorization to phase out the program by 1990 has been enacted. The original objective of this program—to reduce the backlog of treatment needs for municipal sewage—will largely have been met with the nearly $50 billion of assistance that

will have been provided by the Federal Government since 1972. In the future, communities will be expected to finance waste treatment facilities from their own resources and State assistance.

- For community and regional development activities, the administration is proposing to terminate a number of categorical programs, including rehabilitation loans and rental rehabilitation grants of the Department of Housing and Urban Development (HUD) and the rural development programs of the Farmers Home Administration. HUD's comprehensive and flexible community development block grant would be the principal vehicle for Federal support of local community development activities. Budget authority in 1986 and 1987, however, would be reduced to $2.6 billion, a drop of 16% from current services in 1986 and 20% in 1987.
- Federal grants to State extension services now help fund out-of-school educational programs in agriculture, home economics, and related subjects. The States provide two-thirds of extension service funding. The administration proposes that the Federal share fund primarily those programs that are directed toward supporting farm income and soil and water conservation. States will be urged not to use Federal tax dollars on other programs until farming needs are met, although State and local funds may be used for other purposes. The administration is requesting $140 million in budget authority for 1987, which is equivalent to the amount of 1986 extension funds used for farm programs. This is a reduction of $202 million from current services levels.
- The administration is proposing to reduce or eliminate several State grant programs for criminal justice assistance, including the juvenile justice program and the State and local assistance program. The objective of the juvenile justice program—to separate incarcerated juveniles from adult offenders—has largely been met. The State and local assistance program provides only State or local benefits and should be funded, if needed, from their resources. The administration is requesting budget authority of $174 million in 1987 for justice grants and related programs, a reduction of $122 million from current services levels.
- The administration is proposing to terminate the community services block grant in 1987. Estimated outlay savings over a 3-year period are $1.1 billion compared to current services. These community services activities can be financed, if so desired, from the $2.7 billion social services block grant to States. A large portion of the Federal grant pays for the

overhead of local community action agencies rather than serving the needy and elderly.

- The administration proposes to terminate support for energy conservation grants and State energy planning and extension activities. There are now adequate incentives for the installation of energy conservation measures. Planning and extension activities are a State and local responsibility. In addition, States should receive funds to finance these and other energy activities from the resolution of cases involving violations of petroleum pricing and allocation regulations.
- The administration is reproposing the termination of local rail service assistance to States and of the air service subsidy program, which was established in 1978 to provide a transition period for communities to adjust to deregulation. Both of these programs have fulfilled their purpose. The air carrier subsidy is now ironically deterring development of cheaper, more efficient transportation modes, such as limousine or bus service.

In addition to these specific proposals, the administration is exploring how to improve the operation of unemployment insurance and the Employment Service. A Federal tax on employers finances State administrative costs for unemployment compensation and the Employment Service. States have raised questions about the equity of the allocation of resources among States, the lack of flexibility resulting from highly specific allocations for administering unemployment compensation, and the adequacy of resources for certain activities. The administration is soliciting the views of interested parties about the full range of options, including devolution, to provide States with increased authority, flexibility, and responsibility for the effectiveness and the financing of the administration of unemployment compensation and the Employment Service.

MAKE FEDERAL GOVERNMENT SERVICES MORE EFFICIENT, EFFECTIVE, AND ACCOUNTABLE

Improved management of Federal operations continues to be an important part of the administration's overall objective of restoring efficiency, balancing the role, and reducing the size of the Federal Government. The goal of these efforts is to ensure that the Federal Government provide needed services in the most economical and efficient way possible. Early in this administration, President Reagan made management reform one of his top priorities and initiated "Reform '88", a program to upgrade the management of the Federal Government. The key initiatives are summarized here and presented in detail in this year's management report.

Fraud, waste, and abuse.—Reduction of fraud, waste, and abuse in Federal programs remains a high priority. The President's Council on Integrity and Efficiency (PCIE), created 2 months after President Reagan took office, has contributed significantly toward the use of technology and modern management tools to discover and to prosecute those who defraud Federal programs or abuse their positions. In the 4½ years since the Council was created, the Inspectors General have made recommendations for the improved use of over $63 billion. Their recommendations have led to 14,291 civil and criminal prosecutions and 14,146 administrative sanctions or agency actions. During the past 4½ years, much progress has been made toward eliminating fraud and waste, as well as the management vulnerabilities that permit fraud and waste to breed.

Federal personnel and benefits.—The administration is proposing several reforms of the civil service retirement system in order to bring Government pension costs closer to with those of the vast majority of private employers. Primary among these are proposals to limit cost-of-living adjustments, to reduce annuities for those who retire before age 62, and to raise the retirement contributions by two percentage points in 1987. The administration is also proposing to eliminate the January 1987 cost-of-living increase for civilian and military retired pay. The administration is proposing that the Federal employees health benefits program be modified to increase competition and reduce costs. Under this proposal, employees would be encouraged to choose low-cost plans through a system of rebates and health benefit providers would reform benefits and reduce costs in response to increased competition for enrollments.

The new agency productivity programs being implemented as part of Reform '88 will make it possible to reduce civilian agency employment substantially and to achieve significant savings. The number of employees in nondefense agencies is projected to decrease by 1.25% a year from 1985 through 1987. The full implementation of the new productivity program should at least double that rate for 1988 through 1991, which can be accomplished in almost all cases by attrition. This program has the potential of producing $0.4 billion of savings in 1988 and total savings of more than $7.4 billion from 1988 to 1991 from the outlay totals shown in this budget. The result will be a better, more automated work place for Federal employees to provide services as efficiently as possible.

The budget includes a 3% pay increase for civilian employees of the Federal Government, effective January 1987, and a 4% pay increase for military personnel, effective October 1986. The cost of the pay raises assumed for civilian agencies is $1.0 billion below current services in 1987 and $11.1 billion lower for the next 5 years.

Federal Resource Management.—The budget proposes an indefinite moratorium on further development and fill of the strategic petroleum reserve (SPR), once it reaches 500 million barrels in 1986. This moratorium is estimated to result in outlay savings of $1.9 billion over the next 5 years. Over the past 5 years, due in part to the dismantling of oil price controls, the Nation has substantially reduced its vulnerability to supply disruptions by increasing both the efficiency of oil use and U.S. oil production. As a result, U.S. oil imports and the need for additional SPR oil have dropped dramatically. Legislation is also proposed to sell $250 million of unneeded surplus materials from the national defense stockpile in 1987.

Credit management.—The Federal Government, through its loan and loan guarantee programs and its sponsored enterprises, had allocated about a trillion dollars of the Nation's $7 trillion outstanding debt at the end of 1985. By directing credit towards favored borrowers, the Government forces unsubsidized borrowers to pay more for credit. Many potential borrowers may not have received credit at all because they have been "crowded out" by the Government's preemptive allocation of credit. Moreover, the Government's subsidized credit programs have often inhibited the development of private alternatives.

The budget proposes to reduce the Government's intervention in the Nation's lending market by phasing out or reducing several Federal credit programs, changing from direct to guaranteed lending as much as possible, charging at or above Treasury interest rates, charging loan origination fees, setting up a borrower prescreening and postaward review process, using private sector debt collection agencies, offsetting IRS refunds, and by undertaking a pilot program to sell selected loans in the Federal portfolio. In addition, the administration will be considering the establishment of a Federal credit agency to oversee this very active program and will look into the use of private sector reinsurers for the guaranteed loan programs.

Several direct loan and loan guarantee programs are proposed to be eliminated or sharply reduced over the next 5 years. For example:

- Credit offered by the Small Business Administration, the community development block grant program, portions of the Farmers Home Administration and the Economic Development Administration, as well as several other programs discussed in other sections of Part 3, would be phased out beginning in 1986 or in 1987.
- Other credit that would be phased out includes that originating with the Rural Electrification Administration, the Maritime Administration, and the Agency for International Development (housing guarantee program). For college housing

loans, the budget proposes a withdrawal of loan authority in 1986 and termination in 1987.

- The focus of credit activities for the Export-Import Bank and the Agriculture Credit Insurance Fund of the Farmers Home Administration (FmHA) would shift from direct loans to guaranteed loans. The administration proposes substituting an interest rate subsidy program for the direct loan program of the Export-Import Bank. The Bank would use its reserves to buy down interest rates in order to counter foreign official subsidies.

Federal credit programs provided an estimated $16 billion in financial subsidies in 1985, largely as a result of low interest rates and loan fees. The administration is proposing to charge borrowers for some of the benefits they receive from Government loans and loan guarantees. These increases will begin to bring credit programs into parity with private market programs and thereby facilitate competition.

For example, the administration has proposed to raise the premium for the Federal Housing Administration's mortgage insurance from 3.8% to 5.0%. The administration is proposing to raise the fees for veterans home loan guarantees from 1% to 2% in 1987 and in steps to 3.8% by 1990. These rates are equivalent to what private mortgage insurers charge over the term of the mortgage for comparable risks.

New or increased fees are also proposed for FmHA agricultural credit and export credit provided by the Commodity Credit Corporation. Higher interest rates are being proposed for a number of programs, including rural electrification loans, guaranteed student loans, and reclamation loans. The administration is also proposing that the Secretary of the Treasury charge a special premium for all 100% federally guaranteed loans and that user fees be imposed on government-sponsored enterprises. These enterprises are financial intermediaries that openly compete with the private sector on a subsidized basis because they are able to borrow at rates close to Treasury rates. The new fees would allow fully private financial intermediaries to compete on a more equal basis in lending to the housing, agriculture, and education sectors. Credit fees are estimated to total $0.3 billion in 1987 and $4.3 billion over the next 5 years.

The Federal Government's portfolio of direct loans has expanded greatly over the past 2 decades, amounting to $257 billion at the end of 1985. The Federal Government is not as efficient as the private sector in managing its direct loan portfolio and does not reflect the market price of its loans, unlike private financial intermediaries. Accordingly, the public does not know the true cost of Federal loans.

To help manage this enormous Federal loan portfolio, the Government will:

- Prescreen all new loans with private sector credit bureaus before making the loan;
- Automate debt servicing and collection systems to improve the efficiency and effectiveness of these basic operations;
- Refer information on severely delinquent accounts to private consumer or commercial credit reporting agencies;
- Use private agencies to collect severely delinquent debt that may be uncollectable otherwise;
- Offset delinquent debtors' income tax refunds and garnish Federal employees' salaries for the amounts owed; and
- Report written-off accounts to the IRS as taxable income towards the debtor's tax return.

To show the public what the Federal loan portfolio has cost and to combat the deficit, the administration also proposes that the Federal Government begin to sell a portion of its direct loan assets. Under a pilot program, the Government would sell off loans with a face value of $4.4 billion in 1987. This program would provide the Government with an objective market price for its loans, thereby allowing the Government to reflect more accurately the value of the loans on its books. It would also allow agencies to reduce the administrative costs associated with servicing their loan portfolios and yield an estimated $1.7 billion in additional receipts in 1987. Moreover, the Government will consider reinsuring its guarantee and insurance activities with the private sector to gauge the real cost of the credit assistance it provides.

Program delivery and field structure reform.—Over 85% of the Federal Government's employees deliver services to the public through a network of regional, State, and local offices scattered throughout the States and territories. At the end of 1985, there were more than 22,000 separate Federal offices excluding military installations. The administration continues to place a high priority on changing delivery systems and consolidating field structures to conform with principles of economy and efficiency. Current and proposed structural reform efforts are expected to reduce operating costs by a half a billion dollars by 1990. Federal agencies have been directed to give high priority to developing further initiatives in search of efficiencies.

Charge for government services.—The Federal Government provides numerous services that directly benefit narrow, clearly identifiable groups of business and private users. Because these services evolved over time, however, the Federal agencies providing them recover widely varying proportions of their costs through fees on the users.

User fees have several important advantages over the use of general revenue financing for the provision of Government services. The advantages include:

- It is more equitable for those receiving direct benefits to pay for them.
- It is more efficient for these types of Government services to be allocated to those willing to pay for them.
- Cost-based user fees give more incentive for the private sector to provide such services—at lower cost to the taxpayer.

Those identifiable groups who directly benefit from the existence of a service should pay the cost of providing the service rather than the general taxpayer. The beneficiaries of the services for which the administration is instituting new or increased fees consist in general of corporations or the relatively affluent. By charging these groups directly, we can avoid the necessity of imposing additional general taxes on lower and middle-income citizens.

Because many Government services are subsidized, the prices paid by the consumers of those services are below the costs of providing those services. Subsidized prices promote excessive consumption leading to increased Government costs and a waste of government resources. By providing direct benefits to one type of business (or group of individuals) at no cost, the Government is in effect putting competing businesses at a disadvantage. Such a distortion leads to an over-allocation of resources to the subsidized business and an under-allocation of resources to the non-subsidized business.

In addition to the credit fees discussed in the previous section, the administration is proposing:

- Fees for recreational, commercial, and safety services provided by the Coast Guard, and for the use of the commercial navigation facilities operated by the Corps of Engineers;
- Additional customs fees to offset the cost of processing passengers and commercial carriers;
- Increased fees for parks and other recreation facilities administered by the Park Service and the Forest Service;
- License fees for sportfishing in the ocean, which would be shared equally by the coastal States and the Federal Government;
- Fees for meat and poultry inspection to recover the full Federal cost of these inspections;
- A formula for annual payments from uranium enrichment sales revenues in order to repay the Federal Government for unrecovered prior-year costs;
- Fees on Internal Revenue Service letters of determination and private letter rulings, and a charge to recoup the expense of collecting underpaid taxes;

- A deduction from the receipts from timber and minerals shared with States and counties to reflect the Federal costs incurred in generating the receipts;
- Higher premiums to be paid to the Pension Benefit Guarantee Corporation;
- Fees for selected licensing functions of the Federal Energy Regulatory Commission; and
- Higher fees on coal production to finance benefits for coal miners disabled by black lung disease.

These user fees, the credit user fees discussed earlier, and other proposed user fees are estimated to yield $3.3 billion in 1987 and $11.4 billion over 3 years.

CONCLUSION

In summary, the proposals put forth in this budget represent a comprehensive program for reducing Federal spending by restoring the Federal Government to its proper role and reforming or eliminating inefficient programs. It contains no cuts in social security benefits; preserves benefits for those in need of Federal aid; provides for a strong national defense; and, if enacted, will result in the elimination of the Federal deficit by 1991 without any increase in taxes.

PROPOSED DEFICIT REDUCTIONS

(In billions of dollars)

	1987	1988	1989	1990	1991	Total	
						1987–89	1987–91
Programmatic outlay changes:							
Defense:							
Department of Defense	2.5	4.3	6.0	8.5	12.4	12.7	33.6
Atomic energy and other	0.2	0.3	0.3	0.8	0.7	0.9	2.4
Subtotal	2.7	4.5	6.3	9.3	13.1	13.6	36.0
Low-income benefits:							
AFDC	0.2	0.2	0.2	0.2	0.2	0.7	1.2
Food stamps	0.3	0.5	0.6	0.7	0.7	1.4	2.8
Other	0.1	0.2	0.3	0.4	0.5	0.6	1.5
Subtotal	0.7	0.9	1.1	1.3	1.4	2.7	5.4
Other human and social services:							
Higher education	1.5	2.8	3.0	3.5	3.9	7.3	14.6
Other education	0.4	0.8	1.3	1.6	1.9	2.5	6.1
Training and social services	0.9	1.2	1.5	1.8	2.0	3.6	7.4
Medicaid	1.3	2.6	3.5	4.3	5.3	7.4	17.1
Other health	2.1	1.8	2.3	2.9	3.3	6.2	12.4
Medicare	4.7	7.7	10.6	13.7	17.0	23.1	53.8
Federal employee retirement	1.2	2.0	2.7	3.4	4.0	5.9	13.3
Child nutrition	0.7	0.8	0.9	1.0	1.1	2.4	4.5
Housing assistance	2.1	3.1	3.6	4.0	4.3	8.8	17.1
Veterans' hospital and medical care	0.6	1.0	1.4	1.4	1.4	3.0	5.9
Other	0.1	0.1	0.1	0.7	0.9	0.3	1.9
Subtotal	15.4	24.0	31.0	38.3	45.2	70.5	154.1
Other:							
International affairs	–1.5	–1.3	–1.5	–1.4	–1.0	–4.3	–6.7
Agriculture	1.9	1.6	2.0	2.9	2.8	5.4	11.1
Rural housing	1.4	1.9	2.2	2.3	2.4	5.5	10.3
Highways and mass transit	0.6	1.4	2.8	3.8	4.9	4.8	13.5
Amtrak	0.6	0.6	0.7	0.7	0.7	1.9	3.3
Community and regional development	0.6	2.0	2.8	3.0	3.1	5.4	11.6
Civilian agency pay raise	1.0	1.3	2.1	3.0	3.7	4.4	11.1
Other	1.8	2.4	4.2	4.7	5.0	8.4	18.2
Subtotal	6.3	10.0	15.3	19.0	21.8	31.6	72.4
Changes in user fees:							
Offsetting collections:							
Customs fees	0.5	0.5	0.5	0.5	0.5	1.6	2.6
GSE fees	*	0.2	0.5	0.7	1.0	0.8	2.5
Coast Guard	0.2	0.5	0.5	0.5	0.5	1.2	2.1
Other	1.6	1.5	1.8	2.0	2.1	4.9	8.9
Subtotal, off-setting collections	2.4	2.8	3.2	3.7	4.1	8.4	16.2
Governmental receipts	1.0	1.0	1.0	1.0	1.1	3.0	5.1
Total	3.3	3.8	4.3	4.8	5.2	11.4	21.4
Net asset sales: [1]							
Loan assets	1.7	0.7	*	–0.7	–1.1	2.5	0.7
Naval petroleum reserves	1.0	1.9	–0.5	–0.5	–0.4	2.4	1.5
Power administration	....	1.5	1.0	5.3	4.2	2.5	12.0
Surplus property	0.5	0.6	0.2	0.2	0.2	1.2	1.6
Total	3.2	4.6	0.7	4.3	2.9	8.5	15.7
Net interest	1.2	3.6	6.8	9.5	12.8	11.6	33.9
Other receipt increases	5.3	4.9	5.9	4.0	2.8	16.1	22.9
Grand total savings	**38.2**	**56.4**	**71.4**	**90.5**	**105.2**	**166.0**	**361.8**

*$50 million or less.

[1] Net of fees and revenues foregone due to the sale of assets.

PART 4

FEDERAL RECEIPTS BY SOURCE

FEDERAL RECEIPTS BY SOURCE

Receipts (budget and off-budget) are taxes and other collections from the public that result from the exercise of the Government's sovereign or governmental powers. They are compared with outlays to determine the surplus or deficit.

This section of the budget discusses receipts for 1985 to 1989 and the legislative proposals and administrative actions affecting them.[1]

SUMMARY

Total receipts in 1987 are estimated to be $850.4 billion, an increase of $73.2 billion from the $777.1 billion estimated for 1986. Receipts in 1988 and 1989 are estimated to be $933.2 billion and $996.1 billion, respectively. These estimates include the effects of:

- previously enacted tax legislation; and
- the receipts proposals—primarily increased user fees and trust fund reforms—in this budget.

As a share of GNP, receipts are projected to rise from 19.0% in 1986 to 19.4% in 1989. This is primarily due to real growth pushing taxpayers into higher tax brackets, and an increase in the combined employer-employee social security (OASDHI) tax rate from 14.3% to 15.02% on January 1, 1988.

Composition of receipts.—The Federal tax system relies predominantly on income and payroll taxes. In 1987:

- Income taxes paid by individuals and corporations are estimated at $386.0 billion and $86.7 billion, respectively. These sources combined account for 55.6% of estimated receipts.
- Social insurance taxes and contributions—composed largely of payroll taxes levied on wages and salaries, most of which are paid in equal amounts by employers and employees—will yield an estimated $302.8 billion, 35.6% of the total.
- Excise taxes imposed on selected products, services, and activities are expected to provide $35.2 billion, 4.1% of the total.

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[1] Detailed estimates of receipts by source for 1985 to 1987 are shown in Tables 13 and 17 of Part 6e. The economic assumptions on which the receipts estimates are based are presented in Part 2, and estimates of receipts for 1985-91 are presented in Table 3 of Part 6e. Part 6a contains an analysis of the difference between actual receipts for 1985 and the estimates for 1985 transmitted to the Congress in February 1984. Part 6b explains the conceptual basis for classifying certain amounts collected by the Federal Government as receipts and other amounts as offsetting collections.

RECEIPTS BY SOURCE

(In billions of dollars)

Source	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
Individual income taxes	334.5	353.7	386.0	425.9	455.5
Corporation income taxes	61.3	70.9	86.7	101.2	111.8
Social insurance taxes and contributions	265.2	280.4	302.8	335.0	358.1
On-budget	(79.0)	(82.5)	(88.5)	(92.1)	(94.5)
Off-budget	(186.2)	(197.9)	(214.3)	(242.8)	(263.7)
Excise taxes	36.0	34.6	35.2	33.4	32.7
Estate and gift taxes	6.4	6.1	5.7	5.4	5.1
Customs duties	12.1	12.4	12.9	13.6	14.1
Miscellaneous receipts	18.5	19.0	21.1	18.7	18.7
Total receipts	734.1	777.1	850.4	933.2	996.1
On-budget	(547.9)	(579.2)	(636.1)	(690.4)	(732.5)
Off-budget	(186.2)	(197.9)	(214.3)	(242.8)	(263.7)

- Estate and gift taxes, customs duties, and miscellaneous receipts are estimated at $39.7 billion, the remaining 4.7% of receipts.

Under the tax policy and economic assumptions presented in this budget, the income tax share of total receipts is projected to rise to 57.0% by 1989, 1.4 percentage points more than its 1987 share. This rise is the combined effect of a 0.3 percentage point rise in the individual income tax share to 45.7% and a 1.0 percentage point rise in the corporation income tax share to 11.2%. Social insurance taxes and contributions are projected to increase as a share of total receipts to 36.0%. The excise tax share is projected to decline to 3.3% in 1989, 0.9 percentage point less than for 1987. The projected share of all other receipts declines by 0.9 percentage point between 1987 and 1989.

ENACTED LEGISLATION

Several major tax laws have been enacted since this administration took office in January 1981. The first, the Economic Recovery Tax Act of 1981 (ERTA), provides incentives for work, saving, and investment. The major provisions of the Act include an across-the-board reduction in individual income tax rates and other reductions in individual income taxes; the annual adjustment of the zero bracket amount, the personal exemption, and individual income tax brackets for inflation beginning in 1985; and the accelerated cost recovery system (ACRS) for depreciation of capital expenditures.

The second major tax law, the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), improves the fairness of the tax system while preserving the incentives for work, saving, and investment enacted in 1981. This Act increases receipts primarily by eliminating unintended benefits and obsolete incentives, and providing mechanisms to increase taxpayer compliance and improve collection techniques.

The Highway Revenue Act of 1982 is the third major tax law enacted since January 1981. This Act increases the excise tax on gasoline and diesel fuel by 5 cents to 9 cents a gallon and restructures other highway related taxes to make the taxes paid by various highway users correspond more equitably to the wear and tear that such users cause to the highway system.

Three major laws affecting receipts were enacted during 1983: the Social Security Amendments of 1983, the Interest and Dividends Tax Compliance Act of 1983, and the Railroad Retirement Revenue Act of 1983. The first, the Social Security Amendments of 1983, restored the solvency of the social security trust funds through a combination of revenue increases and benefit reduction. The major provision of the Interest and Dividends Tax Compliance Act of 1983 repeals the withholding of taxes on interest and dividend income provided in TEFRA. The tax increases provided in the Railroad Retirement Revenue Act of 1983, together with the benefit reductions provided in the Railroad Retirement Solvency Act of 1983, are designed to place the railroad industry pension program on a sounder financial basis. Despite these changes, rail pension actuaries warn that the system is not solvent over the long-run.

The most recent tax law is the Deficit Reduction Act of 1984 (DEFRA). The major provisions of this Act increase the efficiency of the tax system by curbing tax shelter abuse, limiting unwarranted tax benefits, and increasing taxpayer compliance.

As a result of these legislated changes, taxes have been reduced by $741.0 billion over the 1985-1989 period, relative to what they would have been under pre-1981 tax law. As shown in the following table, there is a tax reduction every year during this period, rising from $110.5 billion in 1985 to $185.8 billion in 1989.[2]

NET EFFECT OF MAJOR ENACTED LEGISLATION ON RECEIPTS [1]

(In billions of dollars)

	1985	1986	1987	1988	1989	1985-1989
Economic Recovery Tax Act of 1981	−170.3	−207.5	−244.8	−274.0	−303.7	−1,200.3
Tax Equity and Fiscal Responsibility Act of 1982	39.2	49.2	59.2	61.6	61.7	270.8
Highway Revenue Act of 1982	4.2	4.5	4.7	4.8	5.0	23.2
Social Security Amendments of 1983	8.7	8.0	9.2	20.0	24.9	70.9
Interest and Dividends Tax Compliance Act of 1983	−2.4	−2.1	−1.7	−1.8	−2.0	−9.9
Railroad Retirement Revenue Act of 1983	0.7	1.1	1.1	1.1	1.1	5.1
Deficit Reduction Act of 1984	9.3	16.0	21.8	24.9	27.2	99.2
Net tax reduction	−110.5	−130.8	−150.6	−163.3	−185.8	−741.0

[1] These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Induced effects on the economy are taken into account in forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.

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[2] For a more detailed discussion of the Economic Recovery Tax Act of 1981, see Part 4 of the 1983 *Budget*. A more detailed discussion of the Tax Equity and Fiscal Responsibility Act of 1982 and the Highway Revenue Act of 1982 is provided in Part 4 of the 1984 *Budget*. Detailed discussions of the Social Security Amendments of 1983, the Interest and Dividends Tax Compliance Act of 1983, and the Railroad Retirement Revenue Act of 1983 are provided in Part 4 of the 1985 *Budget*. The major provisions of the Deficit Reduction Act of 1984 are described in Part 4 of the 1986 *Budget*.

EFFECT OF MAJOR ENACTED LEGISLATION ON RECEIPTS [1]

(In billions of dollars)

	1985	1986	1987	1988	1989
Economic Recovery Tax Act of 1981					
Individual income tax provisions	-114.5	-133.1	-156.8	-180.4	-206.9
Capital cost recovery provisions:					
Individual income taxes	-5.8	-7.9	-9.6	-10.1	-10.6
Corporation income taxes	-29.9	-42.0	-51.1	-54.8	-56.0
Subtotal, capital cost recovery provisions	-35.7	-49.8	-60.6	-64.9	-66.7
Saving incentive provisions	-13.5	-17.5	-19.3	-19.9	-20.4
Estate and gift tax provisions	-4.9	-6.5	-8.1	-9.6	-10.4
Other:					
Individual income taxes	*	0.4	*	0.3	0.3
Corporation income taxes	-2.1	-1.4	-0.5	-0.1	-0.2
Social insurance taxes and contributions	0.5	0.6	0.6	0.7	0.7
Excise taxes	-0.2	-0.2	-0.1	-0.1	-*
Subtotal, other	-1.7	-0.6	0.1	0.8	0.7
Total, Economic Recovery Tax Act of 1981	-170.3	-207.5	-244.8	-274.0	-303.7
Tax Equity and Fiscal Responsibility Act of 1982					
Compliance and collection:					
Individual income taxes	8.1	7.6	7.1	7.4	8.0
Corporation income taxes	1.9	2.7	2.1	1.2	0.8
Social insurance taxes and contributions	0.3	0.4	0.4	0.5	0.5
Subtotal, compliance and collection	10.4	10.7	9.6	9.0	9.3
Unintended benefits and obsolete incentives:					
Individual income taxes	4.3	6.0	7.9	8.7	9.2
Corporation income taxes	17.6	27.9	37.8	41.7	41.9
Estate and gift taxes	0.2	0.2	0.2	0.2	0.2
Subtotal, unintended benefits and obsolete incentives	22.1	34.2	46.0	50.6	51.3
Excise tax provisions	4.0	1.8	1.1	-0.5	-1.6
Employment tax provisions:					
Individual income taxes	0.6	0.5	0.5	0.5	0.4
Social insurance taxes and contributions	2.6	2.4	2.2	2.1	2.3
Subtotal, employment tax provisions	3.2	2.9	2.7	2.6	2.7
Other:					
Individual income taxes	-0.1	-*	-*	....	....
Corporation income taxes	-0.3	-0.3	-0.2	-0.1	-0.1
Subtotal, other	-0.4	-0.4	-0.2	-0.1	-0.1
Total, Tax Equity and Fiscal Responsibility Act of 1982	39.2	49.2	59.2	61.6	61.7
Highway Revenue Act of 1982					
Individual income taxes	-1.2	-1.3	-1.3	-1.3	-1.3
Corporation income taxes	-0.2	-0.2	-0.2	-0.2	-0.2
Excise taxes	5.7	6.0	6.2	6.3	6.5
Total, Highway Revenue Act of 1982	4.2	4.5	4.7	4.8	5.0

EFFECT OF MAJOR ENACTED LEGISLATION ON RECEIPTS [1] —Continued

(In billions of dollars)

	1985	1986	1987	1988	1989
Social Security Amendments of 1983					
Individual income taxes	2.7	3.2	3.4	2.6	2.8
Social insurance taxes and contributions	6.0	4.8	5.7	17.3	22.0
Miscellaneous receipts	0.1	0.1	0.1	0.1	0.1
Total, Social Security Amendments of 1983	8.7	8.0	9.2	20.0	24.9
Interest and Dividends Tax Compliance Act of 1983					
Individual income taxes	−2.4	−2.1	−1.7	−1.8	−2.0
Total, Interest and Dividends Tax Compliance Act of 1983	−2.4	−2.1	−1.7	−1.8	−2.0
Railroad Retirement Revenue Act of 1983					
Individual income taxes	0.3	0.3	0.3	0.3	0.3
Social insurance taxes and contributions	0.4	0.8	0.8	0.8	0.8
Total, Railroad Retirement Revenue Act of 1983	0.7	1.1	1.1	1.1	1.1
Deficit Reduction Act of 1984					
Individual income taxes	5.6	8.0	10.2	13.1	16.0
Corporation income taxes	3.3	5.8	8.1	9.7	10.6
Social insurance taxes and contributions	−*	−*	−*	−*	−*
Excise taxes	0.4	2.0	3.1	1.7	0.6
Estate and gift taxes	*	0.3	0.4	0.4	*
Miscellaneous receipts	*	*	*	*	*
Total, Deficit Reduction Act of 1984	9.3	16.0	21.8	24.9	27.2
ADDENDUM					
Total effect on receipts by source:					
Individual income taxes	−114.9	−133.5	−156.1	−178.1	−202.9
Corporation income taxes	−12.1	−10.5	−7.4	−5.2	−4.2
Social insurance taxes and contributions	9.8	8.9	9.8	21.4	26.3
Excise taxes	11.3	10.2	10.6	7.4	5.0
Estate and gift taxes	−4.7	−6.0	−7.4	−8.9	−10.1
Miscellaneous receipts	0.1	0.1	0.1	0.1	0.1
Total	−110.5	−130.8	−150.6	−163.3	−185.8

* $50 million or less.

[1] These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Induced effects on the economy are taken into account in forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.

RECEIPTS PROPOSALS

The receipts proposals included in this budget—primarily increased user fees and trust fund reforms—are estimated to increase receipts by a net $0.7 billion in 1986, $6.3 billion in 1987, $5.9 billion in 1988, and $6.9 billion in 1989. The major changes being proposed are discussed below.

Tax incentives for higher education.—The costs of postsecondary education have increased substantially in recent years, often faster than inflation. As a result, parents may have difficulty bearing their share of these costs unless they establish a savings program for this purpose when their children are young. To encourage parents to establish such savings programs, the administration is again proposing legislation to exclude from taxation the earnings on savings deposited in special accounts that would be used to pay future higher education expenses of dependent children. The maximum annual contribution to these accounts would be $1,000 per child. However, this maximum would be reduced 5 cents for each dollar that the taxpayer's adjusted gross income exceeds $40,000, so that any taxpayer with adjusted gross income in excess of $60,000 would be ineligible.

Eligible expenses generally would be tuition and room and board for a full-time student enrolled in a postsecondary education program leading to a degree or certificate. Eligible expenses for a part-time (but not less than half-time) student would be tuition only. Deposits to these accounts could only be made if the dependent children on whose behalf the savings were made were under age 18. In no case could an account be kept open for a child over the age of 25. Eligible expenses would not include amounts paid to schools that follow a racially discriminatory policy. This proposal would be effective January 1, 1987, and is estimated to reduce receipts by $0.2 billion in 1988 and $0.3 billion in 1989.

Tuition tax credit.—To expand educational opportunities for families and to reduce the double burden for those paying public school taxes and private school tuition, the administration is reproposing legislation to provide taxpayers a nonrefundable credit for 50 percent of tuition expenses paid to private elementary and secondary schools for certain qualified dependents. The maximum credit allowable for each dependent would be $100 in 1986, $200 in 1987, and $300 thereafter, with the maximum amount in each year phased out for taxpayers with adjusted gross incomes between $40,000 and $60,000. Credits would not be allowed for expenses paid to private schools that follow a racially discriminatory policy. This proposal, which would be effective for expenses incurred after July 31, 1986, is estimated to reduce receipts by $0.4 billion in 1987, $0.6 billion in 1988, and $0.9 billion in 1989.

Extension of Federal/State unemployment insurance coverage to railroad employment.—Railroad employment is the only sector not covered by the Federal/State unemployment insurance system. The separate Railroad Sickness and Unemployment Insurance Fund (RSUI), which is financed by payroll taxes paid by rail employers, is deeply in debt to the rail pension fund and under current law is no longer permitted to borrow from the pension fund to cover benefit payment shortfalls. As a result, RSUI may be unable to pay benefits on a timely basis.

To ensure sound financing of rail unemployment benefits, the administration proposes to extend Federal/State unemployment insurance coverage to railroad employment. Under a transitional Federal program, all rail workers becoming unemployed after September 30, 1986, would be eligible for generally higher benefits under the Federal/State system. Existing RSUI debt repayment contributions would remain in place to finance sickness payments and ensure that RSUI's debt to the rail pension fund is repaid. This proposal is estimated to increase receipts by $0.1 billion in each year, 1987–1989.

Black lung disability trust fund.—Black lung disability benefits are paid to coal miners (or to their survivors) who have been determined to be totally disabled by black lung disease. Benefits for miners determined to be eligible prior to 1973 are paid for by the general fund of the Treasury. Benefits for miners determined to be eligible since 1973 are the responsibility of the coal mining industry—either the coal mine operator found responsible for an individual miner's disease, or the industry as a whole through the black lung disability trust fund. This fund is financed primarily by a fee on coal production. Additional funding includes repayable advances from the Treasury when trust fund liabilities exceed income. Since benefits have exceeded revenues for a number of years, the cumulative trust fund deficit is increasing at an alarming rate. In order to move toward the future solvency of the trust fund and to fulfill the original intent of the Congress that the cost of the program be borne by the coal industry, the administration is again proposing an increase in the fee that would stabilize the cumulative deficit over the next five years. This change in the fee is estimated to increase receipts to the trust fund by $0.2 billion in 1987, and $0.3 billion in 1988 and 1989.

State and local deposit of social security payroll taxes.—States currently are required to make semi-monthly deposits of social security taxes on their own behalf and for sub-State entities. Private employers and the Federal Government deposit these taxes under a more timely, flexible schedule. The administration is again requesting legislation that would remove the States' liability for deposit of taxes by sub-State entities and conform the State and local government deposit schedule to the private sector schedule over a three year period beginning October 1, 1986. Late deposits by State and local employers would be subject to the same penalties and interest charge as private employers, rather than the current interest charge of only 6%. These changes are estimated to increase receipts $0.4 billion in 1987, $0.3 billion in 1988, and $1.2 billion in 1989.

Equitable taxation of rail industry benefits.—Railroad retirement benefits are composed of two elements: social security equivalent benefits and rail pension benefits. Under current tax law, railroad social security equivalent benefits are subject to the Federal income tax under the same rules as social security. Some rail industry pension payments are subject to the Federal income tax to the extent that they exceed previously taxed contributions; the remaining pension benefits are being taxed under the more lenient social security equivalent benefit rules. The administration is proposing that effective January 1, 1987, these pension payments be taxed under the same rules that apply to all other payments received under the industry pension plan. This proposal, which was reflected in last year's budget, is estimated to increase receipts by $0.1 billion in both 1988 and 1989.

Internal Revenue Service (IRS) user fees.—The administration is again proposing that the IRS impose fees on letters of determination and private letter rulings. The IRS, upon written request by a taxpayer, will issue a private letter ruling to give assurance of the IRS position on a transaction under consideration. This assures that the transaction can be completed in such a way that it will not be challenged by the Government. Determination letters primarily concern employee benefit plans and tax exempt organizations. These fees, proposed to become effective October 1, 1986, are estimated to increase receipts by less than $0.1 billion in each year, beginning in 1987.

Hazardous substance response trust fund.—The administration proposes to reauthorize and expand the taxing authority under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, which expired September 30, 1985. The taxes levied under this authority are used to finance the Hazardous Substance Response Trust Fund, commonly referred to as "Superfund," which pays for the cleanup of hazardous waste sites. The proposed taxes, which are estimated to increase receipts to the trust fund above the current law level by $0.4 billion in 1986 and $0.9 billion in each year, 1987-1989, would be sufficient to finance the level of spending proposed by the administration for hazardous waste site cleanup in 1986 and later years. No appropriation from the general fund of the Treasury will be requested.

Repeal gasohol and bus exemptions.—Under current law gasohol is provided a 5 cents per gallon exemption from the 9 cents per gallon excise tax on gasoline and diesel fuels; certain alcohol fuels, such as methanol and ethanol, are exempt from the tax. Public and private bus operators are largely exempt from existing tire, gasoline, and diesel fuel taxes. Consistent with its position that highway users should pay taxes that correspond to the wear and tear that they cause to the highway system, the administration proposes to repeal these exemptions effective October 1, 1986. These changes are estimated to increase receipts to the trust fund by $0.6 billion in 1987, and $0.7 billion in 1988 and 1989.

Extension of temporary doubling of cigarette excise taxes.—TEFRA temporarily doubled the excise tax on packages of cigarettes to 16 cents effective January 1, 1983, through September 30, 1985. Recent legislation extended the temporary increase through March 14, 1986; it seems certain that Congress will extend the tax once again and perhaps make it permanent. Extension of this tax is estimated to increase receipts $0.8 billion in 1986, and $1.7 billion in each subsequent year.

Inland waterways trust fund.—Under current law a diesel fuel tax of 10 cents per gallon is levied on commercial users of the inland waterways and deposited in the inland waterways trust fund. Consistent with its policy that beneficiaries of Federal water resource projects should pay a greater share of the costs of such projects, the administration proposes to double the existing tax over 10 years, beginning in 1988. This proposal is included in legislation pending in Congress and is estimated to increase receipts by small amounts in the initial years.

Rail sector financing of a portion of windfall subsidy.—The Federal Government subsidizes 100% of the windfalls created when railroad retirement and social security benefits were uncoordinated. The General Accounting Office has found that rail industry pensions are reduced by some 25% of windfall amounts, and has suggested that it may be more accurate to subsidize only 75% of total windfall costs. Consistent with the administration's policy of limiting subsidies provided to higher income recipients of Federal benefits, rail sector financing of 25% of windfall benefits is being proposed. This change, proposed to become effective October 1, 1986, is estimated to reduce the annual windfall subsidy of over $1,000 per employee to about $750 in a sector where average annual wages exceed $34,000. This proposal is estimated to increase receipts $0.1 billion in each year, beginning in 1987.

IRS cost of collection charge.—Under current law a penalty is assessed on tax payments that are overdue. The penalty rate is adjusted semi-annually on January 1 and July 1, and is equal to the average prime rate charged by commercial banks during the 6-month period ending on the preceding September 30 and March 31, respectively. The administration proposes to replace the existing penalty with a cost of collection charge. This would allow the IRS to recoup the cost of collecting delinquent amounts and would encourage taxpayers to pay more promptly. The proposal would apply to returns due on or after January 1, 1987, and is estimated to increase receipts by $0.3 billion in 1987, and $0.4 billion in 1988 and 1989.

Increase in employee contributions to civil service retirement (CSR).—Employees currently contribute 7% of wages and salaries to CSR, employing agencies contribute 7%, and the general fund of the Federal Government contributes the remaining cost. The administration proposes to increase employee contributions (including District of Columbia employees who are under CSR) from 7% of wages and salaries to 9% effective October 1986. This change is estimated to increase receipts by $0.9 billion in 1987, and $1.2 billion in 1988 and 1989.

Increase in the District of Columbia (D.C.) employer contribution to civil service retirement (CSR).—The D.C. Government currently contributes 7% of wages and salaries to CSR; D.C. Government employees contribute an additional 7%. The cost of civil service retirement exceeds the combined contribution of the D.C. Government and its employees. Beginning in 1987, the administration proposes to increase the D.C. Government employer contribution as necessary to cover the full cost of the program, when combined with the higher employee contributions and benefit reductions being proposed.[3]

IRS revenue initiative.—In 1987 the Internal Revenue Service will begin the initial phase of an initiative to close the gap between taxes owed and paid, and to improve overall compliance with the tax laws. Based on a Grace Commission recommendation, examination staffing will be increased by 2,500 full-time equivalent personnel in each year, 1987-89. Advance hiring of about 330 full-time equivalent personnel will begin in 1986. Receipts are estimated to increase by $0.6 billion in 1987, $1.5 billion in 1988, and $2.6 billion in 1989 as a result of this initiative.

IRS automated examination system.—Beginning in 1987, the productivity of IRS auditors will be increased significantly when they are equipped with portable computers that will enable them to audit tax returns more promptly and efficiently. Additional productivity gains and reductions in support staff will be realized in later years when desktop and mainframe computers are added and linked. Receipts collections are estimated to increase by $0.3 billion in 1987, $0.8 billion in 1988, and $1.2 billion in 1989 under this automated system.

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[3] The administration proposes to increase the contribution of the Postal Service in the same way. Contributions of the Postal Service to CSR are shown on the outlay side of the budget and do not affect receipts.

Petroleum overcharge restitution funds.—The receipts estimates reflect revenues from the resolution of cases involving petroleum pricing and allocation violations under the Emergency Petroleum Allocation Act of 1973, in instances where the overcharged customers cannot be identified and repaid. The Administration intends to propose legislation to provide guidance to the courts where appropriate in other cases, which is estimated to result in additional receipts of $1.0 billion in 1987.

Nuclear regulatory commission (NRC) user fees.—The administration is proposing that the NRC impose a fee of $500 per million watts of rated thermal capacity on all operating nuclear power plants, in partial recovery of NRC costs for regulating nuclear power plants. It is estimated that this fee will increase receipts $0.2 billion annually, beginning in 1987.

Tax simplification and reform.—Last year President Reagan submitted to Congress a proposal to overhaul the tax code. It was designed to restore simplicity and fairness to the Federal income tax code, and to promote economic growth. Prompt enactment was urged.

The House of Representatives responded to the President's request by approving a tax reform bill shortly before Congress adjourned. Although the details of the bill differ from the President's proposal, the administration supported the effort as a means of continuing the process. The administration looks forward to working with Congress to produce acceptable tax reform legislation this year. Because such legislation will be revenue neutral, it is not essential that it be reviewed at this time in the budget.

Although the administration continues to support legislation to expand the limitations on individual retirement accounts for married couples with only one spouse working outside the home, and to extend the tax credit for incremental research and experimental expenditures, which expired December 31, 1985, these proposals are not included in the budget because they should be part of the forthcoming tax reform legislation.

In addition, once tax reform legislation has been enacted, the administration is planning to repropose an enterprise zone program that would provide tax incentives for redevelopment of economically distressed areas.

EFFECT OF ENACTED AND PROPOSED CHANGES ON RECEIPTS

The actual change in receipts that will result from an enacted or proposed tax revision will depend on both the direct effect of the

EFFECT OF PROPOSED LEGISLATION AND ADMINISTRATIVE ACTION ON RECEIPTS[1]

(In billions of dollars)

	1986	1987	1988	1989
Higher education tax incentive		*	−0.2	−0.3
Tuition tax credit		−0.4	−0.6	−0.9
Railroad unemployment insurance coverage		0.1	0.1	0.1
Black lung disability trust fund[2]		0.2	0.2	0.2
State and local deposit of payroll taxes		0.4	0.3	1.2
Equitable taxation of rail industry benefits		*	0.1	0.1
IRS user fees		*	*	*
Hazardous substance response trust fund[2]		0.1	0.1	0.1
Repeal gasohol and bus exemptions[2]		0.2	0.2	0.2
Cigarette excise tax[2]	0.8	1.7	1.7	1.7
Inland waterways trust fund[2]			*	*
Railroad windfall subsidy financing		0.1	0.1	0.1
IRS cost of collection charge		0.3	0.4	0.4
Increase in employee contribution to civil service retirement		0.9	1.2	1.2
Increase in D.C. employer contribution to civil service retirement		*	*	0.1
IRS revenue initiative		0.6	1.5	2.6
IRS automated examination system		0.3	0.8	1.2
Petroleum overcharge restitution funds		1.0		
Nuclear Regulatory Commission user fees		0.2	0.2	0.2
Other	−0.1	0.4	−0.3	−1.0
Total	0.7	6.3	5.9	6.9
ADDENDUM				
Effect of proposals on receipts by source:				
Individual income taxes	−0.3	0.1	−0.3	−0.8
Corporation income taxes	−*	0.2	1.1	1.8
Social insurance taxes and contributions		1.5	1.6	2.3
On-budget		(1.2)	(1.4)	(1.4)
Off-budget		(0.3)	(0.2)	(0.9)
Excise taxes	1.0	3.2	3.3	3.4
Other		1.2	0.2	0.2
Total	0.7	6.3	5.9	6.9
On-budget	(0.7)	(6.0)	(5.7)	(6.1)
Off-budget		(0.3)	(0.2)	(0.9)

* $50 million or less.

[1] These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Induced effects on the economy are taken into account in forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.

[2] Net of income tax offsets.

tax change and the indirect or "feedback" effect. The direct effect is the increase or decrease in receipts due only to the tax change at the levels of income reflected in the administration's forecast. The indirect or feedback effect is the increase or decrease in receipts due to the effect of the tax change on income levels.

The estimates of the effect of enacted and proposed tax changes shown in this budget represent the direct effect of these changes on receipts, based on the levels of corporate and individual income reflected in the administration's forecast. These levels of income already reflect enactment of the tax change; therefore, the estimated indirect or feedback effect on receipts due to the tax-induced change in incomes is already included in the baseline (pre-tax change) estimates of receipts.

For example, the estimates of the effect of the Economic Recovery Tax Act of 1981 (ERTA) shown in this budget represent only the direct effect of the changes provided in the Act, based on the levels of income reflected in the administration's forecast. These levels of income already reflect enactment of ERTA. The increased receipts resulting from the tax-induced increase in incomes therefore are included in the baseline estimates of receipts. The estimates of the direct effect of the Economic Recovery Tax Act of 1981 on receipts therefore overstate, in this sense, the net loss to the Treasury of the income tax reductions and other tax changes provided in the Act.

The estimates in this budget of the effect of the administration's proposals on receipts also represent only the direct effect of these changes. The indirect effect of these proposals is likewise included in the baseline estimates of receipts.

CHANGES IN RECEIPTS

Receipts are estimated to increase by $43.1 billion in 1986, $73.2 billion in 1987, $82.8 billion in 1988, and $62.9 billion in 1989. These year-to-year changes can be divided between changes due to growth in the tax base and changes due to revisions in the tax structure. For example, under the tax rates and structure in effect on January 1, 1981, receipts would have risen by $51.4 billion in 1986. The combined effect of administrative action and enacted and proposed tax law changes reduces the growth in 1986 receipts by $8.4 billion.

COMPONENTS OF CHANGES IN RECEIPTS

(In billions of dollars)

	1986	1987	1988	1989
Growth in receipts:				
Under existing law and administrative action and proposed legislation	43.1	73.2	82.8	62.9
Under tax rates and structure in effect Jan. 1, 1981	51.4	79.8	88.5	75.1
Difference	−8.4	−6.5	−5.7	−12.2

CHANGES IN RECEIPTS

(In billions of dollars)

	1985	1986	1987	1988	1989
Receipts under tax rates and structure in effect January 1, 1981 [1]	822.5	873.9	953.7	1,042.2	1,117.3
Administrative action	0.2	1.0	1.7	0.2	0.2
Enacted legislative changes:					
Economic Recovery Tax Act of 1981	−170.3	−207.5	−244.8	−274.0	−303.7
Tax Equity and Fiscal Responsibility Act of 1982	39.2	49.2	59.2	61.6	61.7
Highway Revenue Act of 1982	4.2	4.5	4.7	4.8	5.0
Social Security Amendments of 1983 [2]	6.1	6.5	7.6	9.2	9.9
Interest and Dividends Tax Compliance Act of 1983	−2.4	−2.1	−1.7	−1.8	−2.0
Railroad Retirement Revenue Act of 1983	0.7	1.1	1.1	1.1	1.1
Deficit Reduction Act of 1984	9.3	16.0	21.8	24.9	27.2
Social security taxable earnings base increases: [6]					
$29,700 to $32,400 effective Jan. 1, 1982	4.5	5.0	5.9	7.0	7.9
$32,400 to $35,700 effective Jan. 1, 1983	4.3	4.8	5.8	6.9	8.0
$35,700 to $37,800 effective Jan. 1, 1984	2.2	2.5	3.0	3.6	4.2
$37,800 to $39,600 effective Jan. 1, 1985	0.6	1.9	2.3	2.8	3.4
$39,600 to $42,000 effective Jan. 1, 1986		0.9	2.7	3.3	3.9
$42,000 to $43,500 effective Jan. 1, 1987			0.6	1.8	2.2
$43,500 to $45,600 effective Jan. 1, 1988				0.9	2.7
$45,600 to $48,600 effective Jan. 1, 1989					1.3
Social security (OASDHI) tax rate increases: [3] [6]					
13.3% to 13.4% effective Jan. 1, 1982	1.5	1.6	1.7	1.8	1.9
13.4% to 14.0% effective Jan. 1, 1984	9.9	11.6	12.3	13.2	13.9
14.0% to 14.1% effective Jan. 1, 1985	1.4	2.2	2.3	2.5	2.6
14.1% to 14.3% effective Jan. 1, 1986		2.7	4.2	4.5	4.7
14.3% to 15.02% effective Jan. 1, 1988				10.8	15.7
Other	0.1	0.6	−*	−*	*
Proposed legislation and administrative action.					
Higher education tax incentive			−*	−0.2	−0.3
Tuition tax credit			−0.4	−0.6	−0.9
Railroad unemployment insurance coverage			0.1	0.1	0.1
Black lung disability trust fund [5]			0.2	0.2	0.2
State and local deposit of payroll taxes			0.4	0.3	1.2
IRS revenue initiative			0.6	1.5	2.6
Hazardous substance response trust fund [5]			0.1	0.1	0.1
Increase in employee contribution to CSR			0.9	1.2	1.2
Repeal gasohol and bus exemptions [5]			0.2	0.2	0.2
Cigarette excise tax [5]		0.8	1.7	1.7	1.7
IRS automated examination system			0.3	0.8	1.2
Other		−0.1	2.1	0.4	−0.2
Total, receipts under existing and proposed legislation and administrative action [4]	734.1	777.1	850.4	933.2	996.1

* $50 million or less.

[1] These figures assume a social security taxable earnings base of $29,700 through 1989.

[2] Excludes the effect of increases in the OASDHI tax rate that are shown below.

[3] The combined employer-employee old age and survivors, disability, and hospital insurance (OASDHI) tax rate.

[4] These estimates include both the direct and indirect effects of administrative action and legislative changes.

[5] Net of income tax offsets.

[6] Technical note: When the tax rate and the taxable earnings base increase at the same time, dividing up the total effect on receipts is arbitrary to some small extent because of an interaction effect. The increase in receipts due to this interaction effect is attributed to the rate and base changes in proportion to the increases in receipts that would occur if the rate and base were each changed separately.

RECEIPTS BY SOURCE

Individual income taxes.—Individual income taxes are estimated to increase by $101.8 billion or 28.8% from 1986 to 1989, largely due to increases in incomes resulting from both real economic growth and inflation. These estimates reflect the legislated changes in individual income taxes provided since this administration took office and the proposed changes reflected in this budget. The administration's proposals, primarily the tuition tax credit and higher education tax incentive, are estimated to reduce individual income taxes by $1.2 billion between 1986 and 1989.

Corporation income taxes.—Corporation income taxes are estimated to increase from $70.9 billion in 1986 to $111.8 billion in 1989. This increase of 57.8% is in large part due to higher corporate profits. These estimates reflect the accelerated cost recovery system of depreciation and other tax changes enacted since January 1981. They also reflect the administration's proposals, which are estimated to increase corporation income taxes by a net $0.2 billion in 1987, $1.1 billion in 1988, and $1.8 billion in 1989.

Social insurance taxes and contributions.—This category includes social security and railroad retirement taxes, unemployment insurance taxes and deposits, and other retirement contributions.

Receipts from this source are expected to increase from $280.4 billion in 1986 to $358.1 billion in 1989. These estimates reflect the scheduled increase in the combined employer-employee social security (OASDHI) tax rate from 14.3% to 15.02% on January 1, 1988, and annual increases in the social security taxable earnings base to $48,600 in 1989. The administration's proposals, primarily the acceleration of State deposit of social security taxes and increases in contributions to civil service retirement, are estimated to increase this source of receipts by $1.5 billion in 1987, $1.6 billion in 1988, and $2.3 billion in 1989.

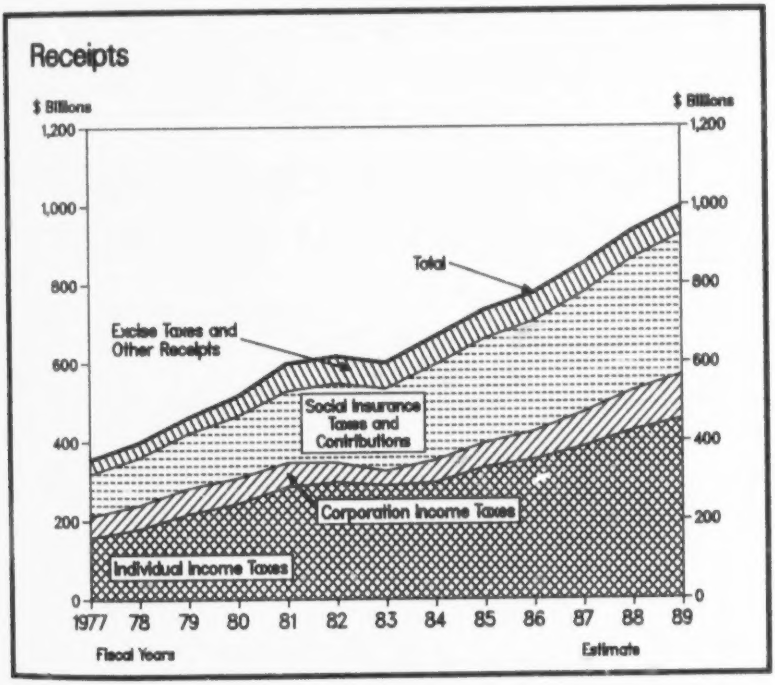
Excise taxes.—Excise taxes are levied on a variety of products, services, and activities. Receipts from these taxes are estimated to decline from $34.6 billion in 1986 to $32.7 billion in 1989. These estimates reflect the annual decline in the windfall profit tax from $4.1 billion in 1986 to $1.5 billion in 1989. The administration's proposals, which include extension of the temporary doubling of the cigarette excise tax, increase excise taxes by $1.0 billion in 1986, $3.2 billion in 1987, $3.3 billion in 1988, and $3.4 billion in 1989.

Other receipts.—Estate and gift taxes, customs duties, and miscellaneous receipts (almost all of which are deposits of earnings by the Federal Reserve System) are estimated to total $37.5 billion in

1986, $39.7 billion in 1987, $37.7 billion in 1988, and $38.0 billion in 1989.

PROPRIETARY RECEIPTS

In addition to receipts, the Government receives significant proprietary income from the public. This income is derived from various market-oriented activities and takes the form of interest, rents, royalties, and the sale of Government property, products, and services. Because this income arises from business-type transactions rather than from taxation, it is treated as an offset to related outlays and budget authority rather than as receipts. These offsetting collections from the public are discussed in Part 6b; they are divided between collections offset in expenditure accounts and proprietary receipts from the public. Proprietary receipts from the public are shown in Table 14 of Part 6e.


Receipts

PART 5

FEDERAL PROGRAMS BY FUNCTION: MEETING NATIONAL NEEDS

INTRODUCTION

This part of the budget presents Federal programs in terms of functions, which are broad categories of activities with similar purposes. The programs are grouped into functions so that related Federal activities that meet particular national needs may be considered together, regardless of which agencies are responsible for them. Therefore, to the extent feasible, the functional structure classifies these activities according to their primary purpose. Each activity is classified only in the function that defines its most important purpose, even though it may serve more than one.

There are 19 functions, plus two categories—allowances and undistributed offsetting receipts—that are not themselves functions because they do not consist of programs, but are needed to encompass the entire budget. Each function, in turn, is divided into one or more subfunctions, which are narrower and more homogeneous groupings of programs. Since last year's budget, social security and medicare have been split into two separate functions. As required by the Balanced Budget and Emergency Deficit Control Act of 1985, the receipts and outlays of social security—the old-age and survivors insurance and the disability insurance trust funds—are now excluded from the budget (i.e., "off-budget").

This Act sets a series of target deficits, and, as one means of achieving them, may require the President to issue a "sequester order" that withholds budgetary resources. For the current year the Act requires this procedure to reduce 1986 outlays by at most $11.7 billion. Either the Congress or the President may suggest an alternative plan, which, if enacted, would supersede the President's initial sequester order. Throughout this budget (including the tables in this part), the outlay, budget authority, and credit data incorporate the reductions from the 1986 sequestration as reported to the Comptroller General on January 15. In some instances, however, the text in this part uses the pre-sequestration 1986 level for budget authority, outlays, or credit limitations, and refers to it as such.

The function-subfunction-program hierarchy is used in the tables of budget authority and outlays that are presented for each function. These tables quantify the President's proposals; the accompanying text explains them. Each function starts with a statement of the national needs served by programs in the function. A summary paragraph or two describe the function and major proposals. Individual programs, arranged in subfunctions, are discussed in terms of budget authority and outlays.

While budget authority and outlays are the most important measures of resources allocated to Federal programs, they do not cover all Federal activities. Federal loan guarantees generally require no outlays unless the borrower defaults. To monitor and control Federal credit activities, a separate credit budget measures all guaranteed loan commitments and direct loan obligations. Most functions contain Federal credit programs; the functional sections discuss these programs and contain a table of credit activity. The figures in these tables add up to the credit budget totals, which appear in Table 1 of Part 6e of this volume and are explained in Part 6c of this volume and in Special Analysis F, "Federal Credit Programs."

Tax expenditures, also not measured by budget authority or outlays, are another means by which the Federal Government can achieve policy objectives. Tax expenditures are provisions of income tax law that allow a preferential rate of tax, a special credit, a deferral of tax liability, or a special exclusion, deduction, or exemption. Most of the functions include a discussion, and in several cases a table, of tax expenditures. All tax expenditure estimates are based on current law, and do not reflect any tax reform proposals of the President or either House of the Congress. The definition and measurement of tax expenditures are explained in Part 6a of this volume and in Special Analysis G, "Tax Expenditures."

The following tables that appear in other parts of the budget supplement this part:

- Outlays by function and subfunction for 1977 through 1987, in Table 18 of Part 6e.
- Outlays and budget authority by function for 1985 through 1991, in Tables 4 and 8, respectively, of Part 6e.
- Budget authority and outlays for 1985 through 1987 for each agency and account, in Part 6d. Each account has a 3-digit code indicating the function and subfunction in which it is classified.

Data for earlier years are published in *Historical Tables, Budget of the United States Government, Fiscal Year 1987.*

NATIONAL DEFENSE

The objective of the national defense program is to protect the Nation and its allies from foreign aggression. This program seeks to preserve peace by maintaining sufficient military strength to deter both nuclear and conventional war. Should war nonetheless occur, we must be prepared to defend ourselves successfully, while minimizing the scope and intensity of the conflict.

Deterring foreign threats to our vital interests and those of our allies and friends requires a full range of defense capabilities, including: strategic nuclear capabilities; adequate maritime strength in key areas; strong air and ground forces in Europe and other critical forward areas; and the ability to deploy military forces rapidly anywhere in the world, and to sustain them in the field. Our defense program is designed to develop these necessary military capabilities in an efficient and timely manner.

The President reluctantly agreed last year to a temporary pause in the rebuilding of our defense capabilities, as part of a budget compromise with the Congress. The compromise was intended to provide zero real growth for defense in 1986 and 3% a year thereafter. Congress actually provided less than zero real growth for defense in 1986; and, with the further Gramm-Rudman-Hollings automatic reductions for 1986, defense budget authority will *decline* more than 5% in real terms. The budget proposes 1987-1991 funding levels that would provide the same real program levels as were agreed to in the 1986 Congressional budget resolution compromise. However, some savings are achieved from the actual dollar levels for defense in the resolution because of lower inflation and pay raise assumptions.

The budget proposes $320.3 billion in budget authority and $282.2 billion in outlays for the national defense function in 1987. The accompanying table shows budget authority and outlays for the three major national defense subfunctions: military functions of the Department of Defense, atomic energy defense activities, and defense-related activities of other agencies.

Department of Defense-Military.—The $311.6 billion in budget authority requested for the military functions of the Department of Defense in 1987 provides the same real program level as was agreed to by the Congress in last year's budget resolution. This level is essential to maintain the military strength needed to ensure the Nation's security and deter war. Maintaining our defense capabilities requires continuing efforts to:

- modernize all components of U.S. strategic forces to ensure that they deter nuclear attack by virtue of their ability to survive and retaliate should an attack occur;

NATIONAL DEFENSE

(Functional code 050; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Department of Defense-Military:					
Military personnel	67,773	67,672	74,203	75,430	76,119
Operation and maintenance	77,803	74,851	85,773	90,890	97,281
Procurement	96,842	92,611	95,777	102,400	112,030
Research, development, test and evaluation	31,327	33,736	41,930	42,108	41,303
Military construction	5,517	5,281	6,743	8,999	8,982
Family housing	2,890	2,801	3,396	4,076	4,515
Revolving funds and other	5,182	2,123	1,270	1,707	1,637
Offsetting receipts:					
Existing law	−532	−713	−843	−840	−873
Proposed legislation			100		
Allowances: Civilian pay raises			716	1,732	2,766
Allowances: Military pay raises and benefits			2,611	5,929	9,664
Allowances: Other legislation (proposed)		50	−77	−32	74
Subtotal, Department of Defense-Military	286,802	278,412	311,600	332,400	353,500
Atomic energy defense activities	7,325	7,232	8,230	8,720	9,300
Defense-related activities	528	471	510	452	429
Total, budget authority	**294,656**	**286,115**	**320,340**	**341,572**	**363,229**
OUTLAYS					
Department of Defense-Military:					
Military personnel	67,842	71,438	73,610	74,842	75,548
Operation and maintenance	72,348	74,137	80,872	81,023	87,163
Procurement	70,381	75,702	76,708	81,243	88,881
Research, development, test and evaluation	27,103	28,702	31,618	36,649	38,447
Military construction	4,260	4,545	4,592	5,473	6,590
Family housing	2,642	2,446	2,491	3,010	3,506
Revolving funds and other	1,325	2,143	1,847	1,851	1,852
Offsetting receipts:					
Existing law	−532	−713	−843	−840	−873
Proposed legislation			100		
Allowances: Civilian pay raises			704	1,668	2,668
Allowances: Military pay raises and benefits			2,568	5,873	9,600
Allowances: Other legislation (proposed)		25	−2	−92	−83
Subtotal, Department of Defense-Military	245,371	258,425	274,265	290,700	313,300
Atomic energy defense activities	7,098	7,152	7,708	8,400	9,000
Defense-related activities:					
Existing law	279	250	515	29	−18
Proposed legislation			−250		
Subtotal, Defense-related activities	279	250	265	29	−18
Total, outlays	**252,748**	**265,827**	**282,238**	**299,129**	**322,282**

- develop and procure conventional equipment that performs efficiently and effectively on the modern battlefield;
- improve the readiness and combat endurance of conventional forces;
- develop sufficient maritime and airlift strength to assure that we can deploy U.S. forces to critical regions overseas in order

to protect our interests, support our allies, and allow continued access to essential resources; and

- strengthen alliances and coalitions to protect U.S. interest worldwide and, in particular, to achieve NATO objectives

Meeting these objectives and preserving the achievements of th recent past will require the increases in funding for defense proposed in this budget.

Budget authority requested for the Department of Defense-Military is shown by mission category in the second table of thi section. These categories are discussed below.

Strategic forces.—The President's strategic modernization program has enhanced our deterrent capability. The 1987 budget proposes continuation of these critical efforts. Establishing and maintaining modern, capable U.S. forces creates the necessary incentives for the Soviet Union to negotiate genuine, equitable anc verifiable arms reductions.

Deployment of the Peacekeeper (MX) missile is essential to maintaining effective deterrence. The first 50 missiles will be deployec beginning in 1986. The 1987 budget includes funds for research development, testing and production of the Peacekeeper, as well a for investigating alternative basing modes for the second 50 missiles. Funding is requested for full-scale research and developmen on a small, mobile ICBM. The budget requests authorization for th fourteenth Trident submarine and development and productior funding for the Trident II (D-5) missile, currently scheduled to b deployed in late 1989.

MISSION CATEGORIES: DEFENSE, MILITARY

(Functional code 051, in billions of dollars)

Major missions and programs	Budget authority				
	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimat
Strategic forces [1]	27.4	24.8	25.4	27.4	29.
General purpose forces	118.4	109.8	128.6	138.0	146.
Intelligence and communications	25.1	25.9	29.5	30.1	32.
Airlift and sealift	8.7	8.1	7.5	7.0	7.
Guard and reserve	15.8	15.8	17.9	19.4	21.
Research and development [2]	24.4	26.2	32.5	34.4	35.
Central supply and maintenance	26.7	23.3	26.4	28.6	30.
Training, medical, and other general personnel activities	33.6	36.9	37.0	40.4	42.
Administration and associated activities	6.1	7.1	6.0	6.2	6.
Support of other nations	0.6	0.5	0.8	0.9	0.
Total, budget authority	**286.8**	**278.4**	**311.6**	**332.4**	**353.**
Prior-year funds and other financial adjustments	−8.2	7.0	0.7	0.8	0.
Total obligational authority	**278.6**	**285.4**	**312.3**	**333.2**	**354.**

[1] Excludes strategic systems development included in the research and development category

[2] Excludes research and development in other program areas on systems approved for production

The U.S. bomber force is being modernized rapidly with the delivery and deployment of B-1B multi-role bombers, the development of a new bomber and a new cruise missile using stealth technology, and deployment of first-generation air-launched cruise missiles (ALCMs). ALCMs have already been deployed on 90 B-52Gs; B-52Hs are also being modified to carry cruise missiles. Installing more fuel-efficient engines on KC-135A tanker aircraft and procuring additional support equipment will further improve aerial refueling capability.

The budget proposals also improve strategic command, control, communications, and intelligence systems.

General purpose forces.—Strengthening general purpose forces will deter and counter non-nuclear military aggression. U.S. forces must be able to respond effectively to all levels of potential conflict—up to and including a war between NATO and the Warsaw Pact—while retaining the flexibility to meet other threats to U.S. interests. The 1987 budget provides support for: 18 Army divisions, 3 Marine divisions, 3 Marine and 14 Navy tactical airwings, 25 fully-equipped wings of Air Force tactical aircraft for the active force, and a 567-ship Navy (including strategic missile submarines and support ships).

Budget authority of $128.6 billion is required for general purpose forces in 1987. This will improve our forces by increasing combat readiness and by fielding new and improved equipment.

Army general purpose forces.—The budget supports the continued acquisition of systems designed to improve the firepower, tactical mobility, and survivability of our forces. Procurement of 840 M-1 Abrams tanks, 870 Bradley fighting vehicles, and other modern equipment will strengthen our armored combat capability. Funds are requested for procurement of 144 AH-64 Apache attack helicopters and for continued procurement of assault support helicopters, such as the UH-60 Blackhawk. The budget also supports development of a new family of light rotorcraft (LHX) to perform scout, utility, and attack missions.

The Army's conventional forces require a balanced mix of air defense systems. These include short-range, point defense systems such as the Stinger and Chaparral missiles to defend troops near the front lines. They also include long-range systems like Patriot and Hawk missiles to defend larger areas of the battlefield. The budget supports deployment of additional Pershing II ballistic missiles in Europe as part of NATO's theatre nuclear force modernization. Also, while the administration is actively pursuing a verifiable ban on the production and stockpiling of chemical weapons, funding is requested to develop and produce binary chemical muni-

best copy available

tions to provide a credible deterrent to Soviet use of chemical warfare.

The budget provides funding for spare parts and depot repair work, which make essential contributions to defense readiness. Sustaining forces in conventional combat requires adequate levels of supplies, replacement equipment, and ammunition.

Armor and mechanized divisions are being reorganized to improve their combat capability and speed of deployment. In 1986, the Army is activating a new light infantry division using an existing infantry brigade as its nucleus. This division will be smaller and less heavily armored than a typical mechanized division, but will be easier to deploy. The Army is also converting an existing infantry division to a light configuration. This will be done without exceeding previously planned manpower and equipment requirements.

Navy general purpose forces.—In peacetime, naval forces can provide a tangible demonstration of U.S. regional commitments. In the event of war, these forces must be able to defend the sea lines of communication over which critical U.S. reinforcements and resupply must travel to battle theatres. They must also be able to conduct offensive operations, if necessary, against Soviet naval forces and facilities.

The Navy's deployable battle force (including strategic missile submarines and support ships) will increase from 553 ships in 1986 to 567 in 1987, and reach the administration's goal of 600 by the end of the decade. The Navy's shipbuilding plan for 1987-1991 includes 8 AEGIS cruisers, 17 guided missile destroyers, 18 attack submarines, 7 amphibious ships, 36 support ships, and 16 minesweepers. The 5-year plan also provides for modernizing two aircraft carriers to extend their service lives by 15 years and modernizing amphibious assault forces.

During 1987, the Navy will form a new tactical airwing. Active naval aviation forces will then consist of 17 tactical airwings (14 Navy and 3 Marine Corps), 24 land-based patrol squadrons, and various support aircraft. To maintain and modernize these forces, the budget provides funding for continued procurement of F-14, F/A-18, and AV-8B aircraft for the tactical air wings, and of P-3C long-range patrol aircraft and SH-60B LAMPS III helicopters for anti-submarine warfare.

Taking full advantage of the investment in naval ships and aircraft requires highly trained crews. Navy tactical aircraft pilots will average about 300 flying hours in 1986 and 1987, roughly double that of their Warsaw pact counterparts.

Expansion of naval ordnance inventories over the last several years has contributed significantly to combat endurance. Special attention has been paid to meeting requirements for torpedoes, surface-to-air and air-to-air missiles, and anti-ship cruise missiles.

Air Force general purpose forces.—Tactical air forces consist of fighter, attack, and support aircraft. Their role is to gain control of the skies and to destroy enemy ground targets—both those close to our own forces and those well behind enemy lines. In 1987, the Air Force plans to procure 216 F-16 and 48 F-15 fighter aircraft. All of the F-15's will have a dual fighter-bomber capability. These aircraft will significantly improve the combat effectiveness of our tactical forces, because of their range/payload characteristics and their ability to operate at night and in adverse weather.

Funds are also requested for continued improvements in aircraft readiness and combat endurance with emphasis on spare parts purchases, procurement of new missiles and bombs, and more realistic training for aircrews. In 1987, Air Force tactical aircraft pilots will fly about twice as many training hours as their Warsaw Pact counterparts.

Intelligence and communications.—To employ our weapon systems and forces effectively, we must be able to direct them in accordance with national policy and military strategy. Information on friendly, hostile, and potentially hostile forces must be gathered and evaluated. Decisions and operational orders, in turn, must be communicated to the appropriate forces.

The budget provides for improvement in intelligence and communications through the development and modernization of command centers, sensors, computers, satellites, and other communication links.

Airlift and sealift forces.—The ability to conduct a forward defense, while maintaining a limited peacetime presence, depends upon the ability to deliver military personnel and combat equipment rapidly to crisis areas anywhere in the world and to sustain them once deployed. The budget reflects an expansion of airlift capacity through procurement of 21 additional C-5B and 8 additional KC-10 cargo aircraft, and through development of the C-17 cargo aircraft. The budget supports continued efforts to improve capabilities of existing airlift aircraft and to increase their capacity through modifications. Sealift capabilities will be strengthened by the addition of ships to the Ready Reserve Force and the continued procurement of equipment to make civilian container ships more useful for military purposes. The budget also requests funds to test a new sealift enhancement program similar to the successful Air Force Civil Reserve Air Fleet (CRAF) program. This new program would underwrite the cost of adding militarily useful features to merchant vessels constructed in U.S. shipyards.

Stockpiling of equipment and materials near potential trouble spots is critical to our ability to sustain deployed forces in distant areas. The Army has stockpiled in Europe heavy equipment for four divisions and supporting units, and is acquiring equipment for two more divisions. Equipment to support the rapid deployment of tactical fighter squadrons is also being stockpiled in Europe.

National Guard and Reserves.—Trained and equipped Guard and Reserve forces that can deploy rapidly in an emergency are essential to U.S. defense planning. The budget provides for continued improvement in the unit strength, equipment and training of Reserve components. Manpower levels in the Reserve components—the Army Reserve, Army National Guard, Naval Reserve, Marine Corps Reserve, Air Force Reserve, and the Air National Guard—are projected to reach 1,186,200 by the end of 1987, a 4.6% increase over 1986. In recent years, Reserve manpower levels have increased faster than active duty manpower levels as greater reliance has been placed on the Reserve components. In 1987, the Reserve components will continue to receive modern weapon systems such as M-1 tanks, F-16 aircraft, and Perry-class guided missile frigates.

Research and development.—Programs in this category fund all research and development except programs to upgrade already-operational systems. New weapon systems are developed, tested and evaluated to meet specific military requirements. At the same time, a strong research and technology base allows continued investigation into promising new technologies. This serves to guard against "technological surprise" by potential adversaries.

Major strategic efforts include the Peacekeeper and Trident II missiles, and the high priority development program for a small land-based ICBM. Budget authority of $4.8 billion is requested for the strategic defense initiative, a research program to explore the possibility of eliminating the threat of nuclear weapons to the United States and its allies. This initiative includes research on space surveillance and target acquisition; directed energy weapons; kinetic energy weapons; battle management systems; and system survivability.

Development efforts continue on a new tactical fighter and a transport aircraft for the Air Force, a Marine Corps tilt-rotor aircraft and a Navy attack submarine. The Army is developing an advanced anti-tank missile and a light-weight helicopter.

Training, medical, and other general personnel activities.—General personnel activities include training and medical services for active duty personnel. The budget request continues the improvements to individual training begun several years ago. Also, high priority is given to developing team proficiency of operational units through realistic training that simulates actual combat conditions. Efforts to improve both the readiness of our medical forces and the medical quality assurance program continue, and the overall structure of the military medical system is being reviewed.

Military personnel and compensation.—One of the most vital elements of military preparedness is the dedicated, qualified, and motivated personnel of the armed forces. Without these people, the many improvements in military weapon systems and equipment would be wasted. Despite a numerical decline in the pool of youth available for military service and a reduction in youth unemployment, the military services continue to attract and retain adequate numbers of qualified personnel. Manpower levels will increase in 1987 to ensure that both existing military units and new weapon systems are adequately manned. The budget provides for a military pay increase of 4%, effective October 1986, to maintain fair and competitive compensation levels and to ensure that military service will continue to attract high quality personnel.

The 1986 Defense Authorization Act required the administration to submit legislation to reduce military retirement accrual costs by $2.9 billion in 1986. To comply with this requirement, two alternate legislative measures were forwarded to Congress in November 1985, without administration endorsement, either of which would reduce retirement benefits for new entrants by about 16%. While Congress is considering these measures, appropriations have provided for obligation of retirement accrual costs on the basis of current retirement law.

A contingency reserve has been established to provide for possible legislative initiatives now under consideration.

Management initiatives.—The administration is focusing on management initiatives to cut costs while increasing the responsiveness and flexibility of the defense establishment. The administration will continue efforts to improve weapons systems acquisition through multi-year procurement and realistic budgeting of costs. Competition will be emphasized as a means to keep costs down, improve quality, encourage innovation, and strengthen the defense industrial base. In addition, the Department of Defense will continue its efforts to introduce procurement reforms and carry out the President's Productivity Initiative.

The administration supports the establishment of reimbursement procedures for the civilian health and medical program of the uniformed services (CHAMPUS) similar to those enacted in 1983 for medicare. This would produce substantial savings and simplify the processing of claims. Another proposal would allow the Federal Government to seek reimbursement from private medical insurers

SUMMARY OF ACTIVE MILITARY PERSONNEL AND FORCES

(Year end—i.e., as of September 30)

	1985 actual	1986 estimate	1987 estimate
Military personnel (in thousands):			
End strength:			
Army	781	781	781
Navy	571	581	593
Marine Corps	198	199	200
Air Force	602	606	607
Total, Department of Defense	**2,151**	**2,167**	**2,181**
Average strength:			
Army	782	779	781
Navy	564	574	586
Marine Corps	198	198	200
Air Force	602	606	608
Total, Department of Defense	**2,146**	**2,157**	**2,175**
Strategic forces:			
Intercontinental ballistic missiles:			
Peacekeeper		2	27
Minuteman	990	988	963
Titan II	21	8	
Poseidon-Trident	640	648	672
Strategic bomber squadrons	20	20	23
General purpose forces:			
Land forces:			
Army divisions	17	18	18
Marine Corps divisions	3	3	3
Tactical air forces:			
Air Force wings	24.4	24.4	25.0
Navy attack wings	13	13	14
Marine Corps wings	3	3	3
Naval Forces:			
Attack and multipurpose carriers	13	13	14
Battleships	2	3	3
Nuclear attack submarines	96	97	99
Other warships	211	211	213
Amphibious assault ships	60	60	60
Airlift and sealift forces:			
C-5 airlift squadrons	4	4	4
Other airlift squadrons	13	13	13
Sealift fleet	59	63	63

for care provided to their beneficiaries in military hospitals and clinics.

Legislation will be proposed to terminate the new GI bill test program on October 1, 1986. The administration believes that a return to the less-costly veterans educational assistance program would produce substantial budget savings and, in combination with enlistment bonuses, would enable the armed services to maintain the high recruiting levels of recent years.

Atomic energy defense activities.—These activities, conducted by the Department of Energy, include research, development, testing, and production of nuclear weapons; production of special nuclear materials; storage of nuclear wastes from defense programs, and design of reactors for nuclear-powered Navy vessels. The accompanying table shows the funding levels for these programs. In total, budget authority of $8.2 billion is requested for 1987, compared to $7.2 billion for 1986. Outlays are estimated to increase from $7.2 billion in 1986 to $7.7 billion in 1987.

The nuclear weapons program involves the design, testing, and production of nuclear warheads for the nuclear weapons stockpile, including quality control and periodic inspection of the finished devices. Budget authority proposed for 1987 would provide for ongoing missile warhead production for current and new weapon systems, and for ongoing production of special nuclear materials for use in these warheads.

The defense nuclear waste management program provides interim storage for all defense nuclear wastes. The program also supports research and development activities for the isolation and permanent storage of these wastes.

The naval reactor development program includes the research and development, design, procurement, and testing of prototype reactors for current and future nuclear-powered naval vessels.

Other atomic energy defense and research and development programs cover security at defense nuclear facilities, security investigations, and arms control and verification technology development.

ATOMIC ENERGY DEFENSE ACTIVITIES

(Functional code 053, in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Weapons research, development, test, and production	4,184	4,116	4,664	5,004	5,337
Weapons materials production and waste management	2,473	2,396	2,770	2,861	3,051
Naval reactor development	495	536	594	639	682
Other research programs	173	184	202	216	230
Total, budget authority	**7,325**	**7,232**	**8,230**	**8,720**	**9,300**
OUTLAYS					
Weapons research, development, test, and production	4,054	4,070	4,368	4,820	5,165
Weapons materials production and waste management	2,396	2,372	2,594	2,756	2,953
Naval reactor development	480	530	556	616	660
Other research programs	168	180	190	208	222
Total, outlays	**7,098**	**7,152**	**7,708**	**8,400**	**9,000**

Defense-related activities.—Activities of civilian departments and agencies that support national defense include emergency preparedness programs, maintenance of strategic stockpiles, and the Selective Service System.

The Federal Emergency Management Agency conducts civil defense and other preparedness programs. The budget proposes $127 million for civil defense programs. Total defense-related outlays for the agency are estimated to be $273 million in 1987.

To meet defense and essential civilian requirements for strategic and critical materials in the event of war, the General Services Administration maintains a stockpile of such materials. In July 1985, the President proposed modernizing the stockpile, including establishing new stockpile goals and adding a supplemental reserve, for a combined value of about $6.7 billion. In 1987 the administration proposes to acquire $30 million worth of germanium metal and to sell $250 million of surplus materials. Legislation to authorize these sales will be proposed.

The Selective Service System is responsible for maintaining the Nation's manpower mobilization capacity at a high level of readiness in order to meet defense requirements during a national emergency. By operating a nationwide program of draft registration, the agency effectively maintains a ready pool of personnel who can be provided quickly to the armed forces in an emergency. The Selective Service System also recruits and trains appeal board members and armed forces personnel who are prepared to assist the agency during national defense emergencies. Estimated outlays for 1987 are $28 million.

CREDIT PROGRAMS—NATIONAL DEFENSE

(In millions of dollars)

	Actual 1985	Estimate			
		1986	1987	1988	1989
Direct loans:					
Defense stock fund:					
Outstandings	1	1	1	1	1
Defense production guarantees:					
Change in outstandings			−1		
Outstandings	1	1			
Defense production guarantees (loans made by FFB)[1]:					
Change in outstandings	3	6	6	2	
Outstandings	6	12	18	20	20
Navy industrial fund (loans made by FFB)[1]:					
New obligations	1,533	495			
Change in outstandings	1,313	438	−30	−34	−42
Outstandings	1,313	1,751	1,721	1,687	1,645
Total, direct loans:					
New obligations	1,533	495			
Change in outstandings	1,316	444	−24	−32	−42
Outstandings	1,321	1,765	1,740	1,708	1,666
Guaranteed loans:					
Defense production guarantees:					
Change in outstandings	*				
Total, new obligations and new commitments	**1,533**	**495**			

* $500,000 or less

[1] Loans guaranteed by the agency and disbursed by FFB. They are counted as direct loans in the credit budget.

Credit budget.—New loans of $495 million will be disbursed in 1986 by the Federal Financing Bank on behalf of the navy industrial fund ship lease program. Private ship operators will use the loans to purchase tankers and cargo ships for lease to the Navy.

Tax expenditures.—The exclusion from taxable income of housing and meals for military personnel, provided either in cash or in-kind, results in a tax expenditure estimated at $2.7 billion in 1987.

INTERNATIONAL AFFAIRS

The Federal Government bears the primary responsibility for protecting and advancing the interests of the United States and its people in international affairs. To fulfill that responsibility, the foreign policy of the United States is directed toward achieving a world order that provides peace, security, and prosperity, in which individuals may enjoy political and economic freedom. Current efforts, however, take place in a period of increasing international terrorism and political instability. The international affairs expenditures proposed in this budget support U.S. foreign policy and national security objectives in these difficult times.

For 1987, $22.6 billion in budget authority is requested and outlays of $18.6 billion are estimated. Total outlays in 1986 are estimated to be $17.1 billion. For 1987, total new direct loan obligations for international affairs are proposed to be $8.1 billion, and total new guaranteed loan commitments are proposed to be $12.2 billion.

Foreign aid.—Two budget subfunctions—international security assistance and international development and humanitarian assistance—comprise foreign aid.

International security assistance.—Security assistance programs are vital instruments in the exercise of national security and foreign policy and serve to strengthen allied and friendly governments where the United States has special security concerns. These programs make it possible for other governments to strengthen their economies and to acquire and use modern military equipment necessary for their defense. Security assistance also helps ensure U.S. access to military bases and facilities overseas. Because of the importance of national security objectives, an increase in 1987 budget authority to $11.3 billion is proposed, $1.0 billion more than the 1986 level. Outlays are estimated to be $10.9 billion in 1987.

Foreign military sales credit.—This program, administered by the Department of Defense, provides financing for foreign governments to purchase U.S. military equipment, training, and design and construction services for their security needs. For 1987, budget authority of $6.1 billion is requested and outlays of $5.8 billion are estimated. In the face of challenges to U.S. interests and economic difficulties in many parts of the world, the budget continues to include a substantial amount for forgiven loans and loans with grace periods and interest rates favorable to the recipient. In addition to these concessional programs, a major part of the program provides credit at rates slightly higher than the rates paid by the Treasury.

Military assistance.—Providing financing for the same types of articles and services as the foreign military sales credit program, these grants enable countries to avoid the economic burden of debt repayments. For 1987, budget authority of $1.0 billion is requested. Outlays are estimated to be $1.0 billion.

Economic support fund.—This fund finances programs in over 50 countries; the largest portion goes to countries where there are special political and security concerns. Loans and grants support the general budget and balance of payments of friendly governments and finance individual development projects where doing so enhances our ability to achieve important national security objectives. Aid to Egypt and Israel accounts for approximately half of the program. The proposed budget authority for 1987 is $4.1 billion, $0.4 billion for direct loans and the remainder for grants. Outlays are estimated to be $4.1 billion.

Other.—The budget authority requested in 1987 for security assistance includes $39 million for peacekeeping operations, $69 million for international military education and training, and $10 million for anti-terrorism assistance.

International development and humanitarian assistance.—An important complement to security assistance is the achievement of international policy objectives through international development and humanitarian assistance programs. These programs are designed to encourage the expansion of a market-oriented international economic system and to help meet the development and humanitarian needs of developing countries. Budget authority requested for 1987 is $4.9 billion, roughly the same as in 1986.

Multilateral development banks.—The United States contributes to the World Bank group of institutions and regional banks for Latin America, Asia, and Africa. These institutions provided more than $23 billion in long-term loans and technical assistance in 1985 and promoted sound economic policies in recipient countries. Lending programs are funded through the direct contributions of members and through borrowing in world capital markets backed by guaranteed repayment of that borrowing by member governments ("callable capital"). Both are provided in accord with multi-year international agreements to replenish the resources of each bank.

In April 1985, the World Bank established the Special Facility for Sub-Saharan Africa to provide credits to countries committed to medium-term programs of policy reform. Direct and indirect contributions from other donors total approximately $1.4 billion. In 1986, $75 million was provided to support this effort. The U.S. contribu-

NATIONAL NEED: CONDUCTING INTERNATIONAL RELATIONS

(Functional code 150; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Foreign aid:					
International security assistance:					
Foreign military sales loans (DOD)	4,940	4,967	5,661	5,771	5,870
Foreign military sales loans (FFB)	1,683	950	473	303	173
Military assistance	805	748	996	1,016	1,033
Economic support fund	6,160	3,547	4,094	4,174	4,245
Other	214	97	118	121	123
Offsetting receipts	-71	-68	-70	-126	-160
Subtotal, International security assistance	13,730	10,241	11,272	11,259	11,283
International development and humanitarian assistance:					
Multilateral development banks:					
Existing law	1,548	1,143	1,348	1,400	1,400
Proposed legislation			44		
International organizations	359	226	186	190	193
Agency for International Development	2,492	1,992	2,098	2,114	2,150
P.L. 480 food aid	1,964	1,243	1,164	1,175	1,192
Refugee assistance	363	324	373	331	332
Other:					
Existing law	249	217	232	238	244
Proposed legislation		50			
Offsetting receipts	-479	-524	-552	-601	-585
Subtotal, International development and humanitarian assistance	6,496	4,672	4,893	4,847	4,925
Subtotal, Foreign aid	20,227	14,913	16,166	16,106	16,208
Conduct of foreign affairs:					
Administration of foreign affairs	1,895	2,440	3,238	2,880	2,767
International organizations and conferences	545	477	493	467	483
Other	70	79	98	99	99
Subtotal, Conduct of foreign affairs	2,510	2,996	3,830	3,446	3,348
Foreign information and exchange activities	940	970	1,129	1,267	1,296
International financial programs:					
Foreign military sales trust fund (net)	2,862	2,000	1,300	800	700
Fair export financing program			300		
Offsetting receipts	-85	-87	-89	-90	-92
Subtotal, International financial programs	2,776	1,913	1,511	710	608
Total, budget authority	**26,453**	**20,792**	**22,636**	**21,529**	**21,460**

tion complements and supports the administration's proposal for a comprehensive IMF/IBRD policy framework approach in the poorest countries with protracted balance-of-payments problems.

To support international commitments to the multilateral development banks, the 1987 request includes proposed budget authority of $1.4 billion. Approximately one-half of the proposed budget authority will be used to meet existing commitments to the Interna-

NATIONAL NEED: CONDUCTING INTERNATIONAL RELATIONS

(Functional code 150; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
Foreign aid:					
International security assistance:					
Foreign military sales loans (DOD)	2,275	3,770	6,121	5,916	5,935
Foreign military sales loans (FFB)	978	187	−306	−440	−613
Military assistance	848	761	992	1,014	1,033
Economic support fund	4,889	4,809	4,058	4,291	4,229
Other	473	236	144	150	155
Offsetting receipts	−71	−68	−70	−126	−160
Subtotal, International security assistance	9,391	9,695	10,939	10,806	10,578
International development and humanitarian assistance:					
Multilateral development banks:					
Existing law	1,427	1,189	1,552	1,565	1,353
Proposed legislation			22		
International organizations	336	300	226	237	234
Agency for International Development	1,929	2,093	2,084	2,081	2,075
P.L. 480 food aid	1,715	1,373	1,158	1,175	1,192
Refugee assistance	385	343	340	345	334
Other:					
Existing law	95	117	108	116	124
Proposed legislation		10	40		
Offsetting receipts	−479	−524	−552	−601	−585
Subtotal, International development and humanitarian assistance	5,409	4,902	4,978	4,918	4,727
Subtotal, Foreign aid	14,799	14,597	15,916	15,724	15,305
Conduct of foreign affairs:					
Administration of foreign affairs	1,462	1,765	2,472	2,557	2,878
International organizations and conferences	540	514	487	471	482
Other	52	85	96	99	99
Subtotal, Conduct of foreign affairs	2,054	2,364	3,055	3,127	3,459
Foreign information and exchange activities	793	931	1,043	1,120	1,220
International financial programs:					
Foreign military sales trust fund (net)	143	−300	−200	−200	−100
Export-Import Bank:					
Existing law	−384	−156	−950	−1,397	−1,744
Proposed legislation			−5		
Fair export financing program			16	56	64
Other	−1,145	−208	−167	−80	−75
Offsetting receipts	−85	−87	−89	−90	−92
Subtotal, International financial programs	−1,471	−751	−1,395	−1,712	−1,947
Total, outlays	**16,176**	**17,141**	**18,619**	**18,259**	**18,037**

tional Development Association. The administration has also proposed a one-time subscription to the World Bank's Multilateral Investment Guarantee Agency, a new institution established to insure investment in developing countries against non-commercial risks. The remaining funds will be used to make authorized annual payments in fulfillment of existing commitments to the other multilateral banks.

International organizations.—Voluntary contributions of $186 million are proposed for several developmental, humanitarian and scientific programs carried out by the United Nations and other international organizations—$40 million below the 1986 level. The administration believes that, useful as some of these programs may be, a higher priority must be afforded other foreign assistance activities accomplishing the same objectives.

Funding for the International Fund for Agricultural Development has not been included, pending the outcome of replenishment negotiations. If an agreement is reached to participate in a replenishment, funding of approximately $30 million will be accommodated within overall foreign aid resource levels with no increase in budget authority from the proposed 1987 level.

Agency for International Development (AID).—AID carries out bilateral development assistance programs in more than 60 countries in Latin America, Africa and Asia. The agency also supports the overseas humanitarian relief and development programs of U.S. private and voluntary organizations and assists development-related research activities in U.S. universities. Proposed budget authority for AID programs for 1987 is $2.1 billion, approximately the same as for 1986. Principal objectives of bilateral development programs include supporting sound economic policies in recipient countries, utilizing the private sector as a vehicle for economic growth, improving the capability of indigenous institutions in developing countries, and increasing the use of science and technology in development.

The administration proposes to terminate AID's housing guaranty program in 1987. This program's inability to remain self-sustaining, combined with the increasing ability of regular and economic assistance programs to support sound urban shelter programs in developing countries, obviates the need for its continuation.

Public Law 480 food aid.—Food aid is provided to foreign governments through programs of direct food donations and concessional financing. The program serves a wide range of policy objectives, including humanitarian relief, enhancement of U.S. security, economic development, and export market development. The budget includes a request of $1.2 billion in budget authority for 1987, approximately the same as 1986.

Refugee assistance.—In response to the pressing needs of refugees in many parts of the world, the United States will continue its refugee assistance program at slightly above the 1986 level. Budget authority of $373 million is requested for refugee relief abroad, including Africa, the Near East, Pakistan, Latin America, and Southeast Asia, and for the admission of 66,000 refugees to the United States. Additional assistance received by refugees once they are settled in the United States is included in the income security function.

Overseas Private Investment Corporation (OPIC).—The corporation operates on a self-sustaining basis and carries out programs to encourage the participation of the U.S. private sector in the social and economic development of less developed friendly countries. The principal programs are political risk insurance and investment financing. The administration proposes that OPIC be privatized. The means by which this decision will be implemented will be developed starting in 1986 by an interagency task force, chaired by the Council of Economic Advisers.

Conduct of foreign affairs.—Funds for these programs primarily cover the operating costs of the Department of State in administering United States foreign policy and contributions assessed by international organizations of which the United States is a member. Budget authority of $3.8 billion is proposed for 1987 compared to $3.0 billion for 1986, and outlays are estimated to be $3.1 billion. The $0.8 billion increase in budget authority is primarily for the increased physical security of U.S. embassies.

Administration of foreign affairs.—Diplomatic and consular relations are conducted with foreign governments and international organizations. Over 260 diplomatic and consular posts are maintained throughout the world.

During 1985, a public advisory panel and the Department of State conducted an appraisal of the terrorist threat to U.S. employees and facilities of all agencies at diplomatic missions abroad. The panel concluded that a major, multi-year, effort to be led by the State Department is needed to improve security at home and abroad. New and renovated facilities, improved equipment, additional personnel, and increased protection of foreign diplomats in the United States are all necessary. This proposed multiyear program will require $1.2 billion in budget authority for 1986 including a $707 million supplemental appropriation, and $1.7 billion in budget authority for 1987. In addition, increases are requested to strengthen the State Department's basic reporting and analysis capability and its automated administrative systems. The overall estimate of budget authority for administration of foreign affairs is $3.2 billion for 1987, an increase of $0.8 billion from 1986. Apart from the important embassy security program, the request includes only the most urgent increases for regular activities. Total outlays are estimated at $1.8 billion for 1986 and $2.5 billion for 1987.

International organizations and conferences.—For 1987, budget authority of $493 million is proposed for assessed contributions to international organizations and for international conferences. The United States believes that, while many international organizations fulfill important needs, those organizations must be managed efficiently and economically. Toward that end, the administration will continue to pursue a restrictive budget policy for international organizations—a policy that strives for reductions in administrative costs and the elimination of low priority and obsolete activities. In addition, recently enacted law requires that U.S. assessed contributions to the United Nations and its specialized agencies be limited to 20% of each organization's budget beginning in 1987, unless it has adopted a voting sytstem on matters of budgetary consequence, under which each member's voting power is in direct proportion to its contributions. A total of $78 million in budget authority and outlays has been deducted from assessments by the United Nations and its affiliated agencies for 1987 and similar amounts for the following years, pending adoption of voting rights changes.

Foreign information and exchange activities.—An important objective of this administration is to increase foreign understanding of the society and foreign policy of the United States. The United States Information Agency seeks to do so through personal contacts, academic and leadership exchanges, Voice of America radio broadcasting in English and 41 other languages, distribution of books and periodicals, television programming, English language teaching, and the operation of libraries and cultural centers in 127 countries. For 1987, the administration proposes $960 million in budget authority for the agency, an increase of $104 million from 1986. This continues the administration's effort to modernize and expand the Voice of America, the Nation's principal vehicle for communicating directly with the peoples of the world. The multiyear modernization program totalling $1.3 billion includes funds for new transmitter facilities, replacement of equipment in existing facilities, and expanded broadcast programming. The request also provides increases for other activities such as educational and cultural exchange programs and the use of international television programming.

The Board for International Broadcasting provides grants to Radio Free Europe/Radio Liberty, Inc., which broadcasts in 21 languages to Eastern Europe and the Soviet Union. For 1987, $168 million of budget authority is requested for the Board, which includes $41 million for modernization of transmitter sites.

International financial programs.—To assist in the steady growth of the international economy, the United States conducts programs

CREDIT PROGRAMS—INTERNATIONAL AFFAIRS

(In millions of dollars)

	Actual 1985	Estimate			
		1986	1987	1988	1989
Direct loans:					
Foreign military sales credit:					
New obligations	4,940	4,967	5,661	5,771	5,870
Change in outstandings	916	135	3,012	2,666	2,587
Outstandings	1,056	1,191	4,203	6,869	9,455
Foreign military sales credit (loans made by FFB)[1]:					
Change in outstandings	978	187	−306	−440	−613
Outstandings	18,089	18,275	17,969	17,529	16,916
Economic support fund:					
New obligations	252	379	404	411	417
Change in outstandings	210	309	308	313	317
Outstandings	6,222	6,531	6,839	7,151	7,468
Development credit:					
New obligations	385	377	394	396	389
Change in outstandings	2	−33	−85	82	65
Outstandings	12,167	12,134	12,049	12,131	12,196
Development credit (FFB loan assets)[2]:					
Change in outstandings	−5	−5	−1	*	....
Outstandings	6	1	*	....	....
Public Law 480 food aid:					
New obligations	975	906	827	843	859
Change in outstandings	777	671	610	615	625
Outstandings	10,046	10,717	11,327	11,942	12,567
Export-Import Bank:					
New obligations	660	1,062	....	....	....
Change in outstandings	−644	−676	−1,210	−1,526	−1,898
Outstandings	16,860	16,184	14,973	13,447	11,549
Other:					
New obligations	763	809	802	801	801
Change in outstandings	387	127	33	34	35
Outstandings	1,181	1,308	1,341	1,375	1,410
Total, direct loans:					
New obligations	7,974	8,501	8,088	8,222	8,335
Change in outstandings	2,621	714	2,360	1,744	1,117
Outstandings	65,626	66,341	68,701	70,445	71,562
Guaranteed loans:					
Foreign military sales credit:					
Change in outstandings	−20	−20	−20	−20	−20
Outstandings	180	160	140	120	100
Development credit:					
New commitments	310	282	150	150	....
Change in outstandings	94	97	118	166	159
Outstandings	1,399	1,496	1,614	1,780	1,939
Export-Import Bank:					
New commitments	7,849	11,484	12,000	12,000	12,000
Change in outstandings	−555	1,324	862	855	797
Outstandings	5,127	6,450	7,312	8,167	8,964
Total, guaranteed loans:					
New commitments	8,159	11,766	12,150	12,150	12,000
Change in outstandings	−481	1,401	960	1,001	937
Outstandings	6,705	8,106	9,066	10,067	11,004
Total, new obligations and new commitments	**16,133**	**20,267**	**20,238**	**20,372**	**20,335**

* $500,000 or less.

[1] Loans guaranteed by the agency and disbursed by FFB. They are counted as direct loans in the credit budget.

[2] Loans made by the agency and subsequently sold to FFB. The agency guarantees and repurchases the loans when they mature.

to improve the international financial system and to facilitate U.S. participation in world trade, including arms sales. For 1987, proposed net budget authority is $1.5 billion.

Export-Import Bank.—The Export-Import Bank currently administers a direct loan program at below market interest rates to promote U.S. export sales. Starting in 1987, the administration proposes to establish an interest rate subsidy program in the Bank using guaranteed loans in lieu of direct loans. Under the proposed program, the Bank will provide direct subsidies, up to $100 million, to reduce the effective interest rates to borrowers for as much as $1.8 billion of loans guaranteed by the Bank. The proposed program will match terms offered by other countries' official export credit programs within the framework of an international agreement that limits subsidies.

The administration will continue to press for an international agreement ending all officially subsidized export financing. Consistent with this objective, the administration is requesting $300 million to create a fair export financing program to counteract the sometimes predatory practices of foreign governments in subsidizing exports.

Tax expenditures.—In an effort to encourage exports, a portion of the profits from the export sales of foreign sales corporations (FSCs) are not subject to tax. Also, tax expenditures occur when Americans working abroad are permitted to exclude substantial amounts of earned income and housing allowances from taxation. Tax expenditures resulting from FSCs and the foreign earned-income exclusion are $1.8 billion and $2.6 billion, respectively, for 1987. An additional tax expenditure of $715 million results from the deferral of income tax on the undistributed earnings of foreign corporations controlled by U.S. shareholders. Total tax expenditures for international affairs are estimated to be $5.0 billion in 1987. No changes are proposed for 1987.

GENERAL SCIENCE, SPACE, AND TECHNOLOGY

The programs in this function help to ensure U.S. strength and leadership in science and space technology. Included are all the programs of the National Science Foundation, the space programs of the National Aeronautics and Space Administration, and the general science programs of the Department of Energy. Continued support for these programs in the budget reflects the administration's view that the private sector lacks sufficient incentives to make adequate investments in such programs to serve the broad national interest.

Proposed budget authority for these programs is $9.5 billion in 1987, a $632 million increase over the 1986 level. Within this total for 1987, significant increases are proposed for general science programs, and a strong space program is maintained. Even in a time of fiscal restraint, the funding proposed for these programs is a necessary investment in the Nation's future because of the important contribution such programs make to the long-range economic growth and competitiveness of the U.S. economy.

Common to the programs in this function is the support of basic research, accounting for more than one-third of overall Federal funding for such research. The programs in this function are of particular importance to the Nation because they, along with research programs of the Department of Defense (DOD), constitute the predominant Federal sources of funding for basic research in the physical and engineering sciences.

General science and basic research.—This area covers all the programs of the National Science Foundation (NSF) and the general science programs of the Department of Energy (DOE) in high energy and nuclear physics. Budget authority of $2.5 billion is proposed for these programs in 1987, an increase of $345 million over the 1986 level.

National Science Foundation programs.—The principal mission of NSF is to promote basic research in all fields of science and engineering. The NSF's broad-based research programs complement the support of basic research by agencies with specialized missions, such as the National Aeronautics and Space Administration, DOD, and the National Institutes of Health, thereby helping to ensure balanced Federal support across all scientific disciplines. The budget includes $1.7 billion in proposed budget authority for the NSF, an increase of $228 million over the 1986 level. Within this amount, the support of basic research will increase from $1.3 billion in 1986 to $1.4 billion in 1987.

The NSF primarily supports research at academic institutions through grants to individual scientists. In 1987, emphasis will con-

NATIONAL NEED: INCREASING BASIC SCIENTIFIC KNOWLEDGE AND USE OF SPACE

(Functional code 250; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
General science and basic research:					
National Science Foundation programs	1,505	1,463	1,691	1,756	1,815
Department of Energy general science programs	722	656	773	839	892
Subtotal, General science and basic research	2,227	2,119	2,464	2,595	2,707
Space research and technology:					
Space flight	3,951	3,776	3,777	4,113	4,915
Space science, applications, and technology	2,023	2,092	2,219	2,280	2,360
Supporting space activities	950	833	992	970	1,048
Subtotal, Space research and technology	6,925	6,701	6,988	7,364	8,323
Total, budget authority	**9,152**	**8,820**	**9,452**	**9,959**	**11,030**
OUTLAYS					
General science and basic research:					
National Science Foundation programs	1,313	1,490	1,631	1,694	1,751
Department of Energy general science programs	707	677	731	787	871
Subtotal, General science and basic research	2,019	2,167	2,362	2,481	2,622
Space research and technology:					
Space flight	3,989	3,809	3,761	3,749	4,332
Space science, applications, and technology	1,858	2,088	2,161	2,200	2,306
Supporting space activities	761	835	904	853	901
Subtotal, Space research and technology	6,607	6,732	6,826	6,802	7,540
Total, outlays	**8,627**	**8,899**	**9,188**	**9,283**	**10,162**

tinue on the support of research in mathematics, the physical sciences, and engineering. Areas to receive increased support in 1987 include advanced materials research, global geosciences, advanced research in computational science and engineering, and state-of-the-art instrumentation. Emphasis will also continue on providing access to the most advanced computers for academic researchers. The budget proposal will also enhance support for university-based engineering research centers. This program encourages interdisciplinary efforts in such fundamental research areas as microelectronics, materials, and biotechnology, where an interdisciplinary focus appears key to the advancement of scientific knowledge.

In addition, continued support is provided for the U.S. Antarctic program managed by NSF. Through this science program, the United States maintains an active and influential presence in that region.

The administration proposes budget authority of $89 million in 1987 for NSF programs in science education, including the graduate fellowship program. NSF programs in pre-college science and mathematics are intended to complement the responsibilities and efforts of State and local education agencies and the private sector.

Department of Energy general science programs.—The science programs of the DOE continue to support basic research in nuclear and high energy physics. The goal of this research is to achieve a comprehensive understanding of the basic constituents of matter and energy, and the forces that govern their interaction. Budget authority of $773 million is requested for support of these programs in 1987, an increase of $117 million from the 1986 level.

The budget provides additional funding for operation of nuclear and particle physics accelerators supported by DOE, restoring operations to the levels achieved in 1985, and the construction and operation of facilities at Fermilab, Stanford, Brookhaven National Laboratory, and Newport News, Virginia. It also continues advanced accelerator and detector research and development related to the next generation of high energy particle accelerators.

Space research and technology.—This part of the function covers the space-related activities of the National Aeronautics and Space Administration (NASA). To continue U.S. leadership in space, a strong and balanced program will be maintained in the primary areas of space transportation, space science, and space technology. Budget authority of $7.0 billion is proposed for these programs in 1987, a $287 million increase from the 1986 level.

Space flight.—The space flight programs help sustain and improve the Nation's ability to supply space transportation services and to develop the facilities to establish a permanent U.S. presence in space. These programs include the operation, upgrade, and logistical support of the space shuttle fleet; and the development, procurement, and operation of supporting technologies such as the shuttle-borne Spacelab and the upper stage vehicles to carry shuttle-launched payloads into high-Earth orbit and beyond. This category also includes development of the manned space station. Budget authority of $3.8 billion for these programs is proposed for 1987, the same as the 1986 level.

The budget provides for restoring progress in the space shuttle program towards achieving routine and reliable access to space for all planned users; continued investments to further improve the reliability and performance of the shuttle fleet; and the continued development of an orbital maneuvering vehicle to help ferry spacecraft in low-Earth orbit to and from the shuttle.

Budget authority of $410 million is proposed for the manned space station program in 1987 to prepare for the planned start of initial operating capability in the mid-1990's. The space station will facilitate space-based research, help develop advanced technologies potentially useful to the economy, and encourage greater commercial use of space. Complementary activities are expected to be conducted by international partners that will enhance the initial capabilities of the space station.

Space science, applications, and technology.—These programs include support for studies of the solar system and the universe; studies in remote sensing of the Earth's resources and environment; research on materials processing in space; the commercial space program; the generic space technology program; and space-related aspects of the transatmospheric vehicle research and technology program. Budget authority of $2.2 billion is proposed for 1987, an increase of $127 million from the 1986 level.

In *space science*, the budget proposes to continue a broad-based program of high quality flight programs and supporting ground-based research. Spacecraft development will continue for the gamma ray observatory, the Magellan mission (formerly the Venus radar mapper), and the Mars observer. Continued support will be provided in 1987 for the Hubble space telescope, the Galileo mission to Jupiter, and the planned Voyager 2 encounter with Neptune in 1989. Several space physics, astronomy and life sciences experiments are also planned for conduct on the shuttle. In addition, preparations will be made for future science flight missions.

For *space applications*, the budget increases from the 1986 level emphasizes space experiments and ground-based supporting research to study the Earth and its environment and to explore concepts and techniques for materials processing in space. The cancellation of the advanced communications technology satellite flight demonstration will avoid possible competition with the private sector and permit greater emphasis on activities more appropriate for Federal support.

The budget proposes expanded efforts to develop space-based remote sensing technologies to help better understand the Earth's environment and the interaction of the Sun and the Earth. Specifically, a major new mission, the ocean topography experiment (TOPEX), will be initiated to permit oceanographic studies aiding a better understanding of the effect of global ocean circulation on the Earth's climate. In addition, new cooperative international experiments will be supported to study the physics of the interaction between the Sun and the Earth. In the area of materials processing, increased funding will allow support for the operation of the microgravity materials science laboratory and numerous microgravity experiments to be conducted on the shuttle.

For the generic *space technology* program, continued growth in funding is proposed for 1987 to help provide the technology base for future space programs in areas such as propulsion, electronics, and materials research.

The commercial space programs encourage and facilitate greater private sector investment and involvement in space. Increased funding will be provided to help non-aerospace firms and universities explore potential new uses of space for future economic benefits.

The transatmospheric vehicle research and technology program is a joint program of NASA and DOD to explore new approaches for cost-effective hypersonic vehicles for flight in the atmosphere and for access to space. Increased funding for this program will expand cooperative research, technology, and test efforts begun in earlier years with DOD. These efforts are expected to lead to a transatmospheric flight research vehicle demonstration in the early 1990's. The budget authority request for civil space-related elements of this activity is in this function; NASA efforts related to aeronautical applications are discussed in the transportation function.

Supporting space activities.—Budget authority of $992 million is proposed for spacecraft tracking, data gathering, and processing support for the entire space program, an increase of $159 million over the 1986 level.

An additional tracking and data relay satellite (TDRSS) is planned for launch in 1987. The budget provides funds to continue repayments of loan obligations for these services. The accompanying credit table shows NASA's repayment of outstanding direct loans made by the Federal Financing Bank for TDRSS construction and acquisition. It reflects a revised schedule which delays payment by NASA, as directed by the Congress, of $107 million previously due in 1986, and deletes a $30 million prepayment previously planned for 1987.

CREDIT PROGRAMS—GENERAL SCIENCE, SPACE, AND TECHNOLOGY

(In millions of dollars)

	Actual 1985	Estimate			
		1986	1987	1988	1989
Direct loans:					
NASA (loans made by FFB)[1]:					
Change in outstandings	−67	....	−79	−91	−105
Outstandings	888	888	809	717	612

[1] Loans guaranteed by the agency and disbursed by FFB. They are counted as direct loans in the credit budget.

Tax expenditures.—In addition to direct Federal funding of basic research, the tax code encourages private sector research and development, including basic research, by allowing expenditures for such purposes to be deducted as a current expense. The 1987 estimate for this provision is $2.9 billion. A 25% tax credit to encourage increases in certain basic research and experimentation was allowed to expire in 1985, as was the moratorium on the Internal Revenue Service regulations determining the allocation between domestic and international operations of business research and development expenditures. Tax expenditures for general science, space, and technology are estimated to total $3.7 billion in 1987.

ENERGY

The Nation needs adequate supplies of energy at reasonable prices. The best way to meet this need is to let market forces work. This policy produces favorable results, as experience shows. In January 1981 the President completed decontrol of U.S. oil markets. Since then, energy prices have fallen, oil imports are down, and the U.S. economy continues to expand, using less energy than in the past.

The budget provides resources needed to meet appropriate and limited Government responsibilities with respect to energy. Major initiatives are proposed which both provide new budget revenues and curtail the Federal Government's involvement in energy markets. These initiatives include:

- Sale of the naval petroleum reserves, which are no longer a significant factor in meeting defense energy supply requirements.
- Steps to privatize the Federal power marketing administrations, which can lead to more efficient operation and greater local control.
- Increased interest rates on loans and other reforms, which will reduce the subsidies provided by the Rural Electrification Administration.

A total of $4.4 billion in budget authority is proposed for this function in 1987, a decrease of $1.4 billion from 1986. This change results primarily from a $0.6 billion reduction in funding for the Rural Electrification Administration and a $0.7 billion reduction for energy research and development. Budget authority in this function excludes offsetting receipts from the proposed sale of the naval petroleum reserves beginning in 1987, and receipts from privatization of the power marketing administrations assumed in subsequent years. This income is classified as undistributed offsetting receipts, the last section in this part.

Energy supply.—The Federal Government's energy supply activities fall into three main categories: research and development (R&D), direct production programs, and subsidies for synthetic fuels and certain electric utilities and telephone systems.

A total of $2.0 billion is proposed for energy supply *research and development* programs in 1987. Of this amount, $1.4 billion is new budget authority in 1987 and the remainder is the use of prior year funds. The program level of $2.0 billion represents a reduction of $326 million from the level for 1986. The decrease results from refocusing the Government's energy R&D support and limiting the Federal role in such support.

Private industry invests billions of dollars each year in research and development, including R&D related to energy. The Federal

NATIONAL NEED: ENERGY

(Functional code 270; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Energy supply:					
Research and development:					
Fission	414	375	332	257	257
Fusion	430	368	333	333	333
Fossil	289	312	83	156	162
Solar and renewable energy resources	242	205	85	112	116
Energy science	678	678	683	756	820
Other	317	364	459	435	419
Offsetting transfers	–60	–240	–584		
Direct production (net):					
Uranium enrichment	238	176			
Federal power marketing:					
Existing law	–41	–124	–126	2	–19
Proposed legislation			–28	–160	–110
Petroleum reserves:					
Existing law	–689	–818	–885	–747	–678
Proposed legislation			427	753	684
Nuclear waste disposal	–1,467	118	346	371	273
Tennessee Valley Authority	856	766	716	734	378
Other subsidies:					
Nonconventional fuel production	1,464	23	*	*	*
Rural electric and telephone:					
Existing law	2,840	2,375	1,906	1,575	1,361
Proposed legislation			–98	–60	–46
Subtotal, Energy supply	5,511	4,577	3,651	4,519	3,950
Energy conservation:					
Conservation research and development	174	171	34	74	77
Conservation grants	298	257	5	4	3
Subtotal, Energy conservation	472	428	39	78	80
Emergency energy preparedness	2,056	113	6	108	166
Energy information, policy, and regulation	719	673	658	627	621
Total, budget authority	**8,758**	**5,791**	**4,355**	**5,332**	**4,817**

*$500 thousand or less.

Government should complement, rather than supplant, private sector R&D investment. It should limit its spending to support for basic research and other long term R&D where the benefits do not readily accrue to individual companies but assist industry as a whole in the future commercialization of new technologies. This policy is particularly applicable to non-nuclear R&D where industry is already making significant investments.

The budget authority request for nuclear fission R&D includes $332 million for nuclear technology research, an 11% reduction from the 1986 level. Major portions of the nuclear fission R&D program are being restructured to phase down the advanced civilian reactor program, including breeder reactors, and to shift efforts toward R&D on reactor concepts that can meet space and military nuclear power requirements. The restructured program, while serv-

NATIONAL NEED: ENERGY

(Functional code 270; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
Energy supply:					
Research and development:					
Fission	444	328	308	256	246
Fusion	437	377	353	360	360
Fossil	337	307	264	315	319
Solar and renewable energy resources	308	214	152	130	125
Energy science	634	607	676	744	799
Other	318	383	386	431	406
Offsetting transfers	....	....	....	....	....
Direct production (net):					
Uranium enrichment	300	−110	−235	−270	−270
Federal power marketing:					
Existing law	−714	−447	−434	−462	−519
Proposed legislation	....	....	−162	203	349
Petroleum reserves:					
Existing law	−687	−663	−846	−752	−685
Proposed legislation	....	....	426	758	691
Nuclear waste disposal	−1,478	121	317	388	289
Tennessee Valley Authority	870	416	278	338	16
Other subsidies:					
Nonconventional fuel production	324	135	65	65	94
Rural electric and telephone:					
Existing law	1,521	1,076	1,406	1,075	861
Proposed legislation	....	....	−96	−60	−46
Subtotal, Energy supply	2,615	2,745	2,858	3,519	3,033
Energy conservation:					
Conservation research and development	151	137	90	90	80
Conservation grants	341	333	175	125	50
Subtotal, Energy conservation	491	470	265	215	130
Emergency energy preparedness	1,838	516	240	162	166
Energy information, policy, and regulation	740	702	654	624	618
Total, outlays	**5,685**	**4,433**	**4,017**	**4,520**	**3,947**

ing national security interests, will also maintain a technical and industrial base for any future deployment of advanced nuclear technologies in the commercial sector.

For nuclear fusion R&D, budget authority of $333 million is proposed, a reduction of $35 million from the level in 1986. This reduction slows the pace of fusion reactor development consistent with national energy needs and the potential contribution of fusion power. In 1987 program emphasis will continue to shift toward resolving scientific questions key to the ultimate achievement of fusion energy. In addition, studies to support the President's Geneva initiative on expanded cooperation with the Soviet Union in the area of magnetic fusion will begin in 1987.

The budget proposes a program level of $150 million for research related to fossil fuels, comprised of $83 million in new budget authority and $67 million from prior year funds. This program level is a reduction of $162 million from 1986. The work continues to emphasize clean use of coal, with $91 million of budget authority devoted to coal-related activities. The program supports research in universities and national laboratories and cooperative R&D with industry.

In 1986, Congress provided $400 million to subsidize commercial-scale demonstrations of clean coal technologies. The budget assumes that outlays for this program will be $4 million in 1986 and $94 million in 1987 and that industry will pay for at least 50% of the cost of these plants.

A program level of $108 million, comprised of $85 million of new budget authority and $23 million from prior year funds, is proposed in 1987 for solar and renewable energy research, a reduction of $97 million from 1986. The research covers a broad range of technologies. Like fossil fuel R&D, it includes a university research component and applied research in cooperation with industry.

The reduced budget authority proposed for fossil, solar and other non-nuclear R&D will still support vigorous programs of research on longer-term concepts that can later be applied by industry, while eliminating Federal subsidies for proprietary product or process development. Increased cooperation with and investment by industry in general technology development will support industry broadly with greater cost effectiveness and more effective technology transfer. It also reduces the need for continuing previous levels of Federal investment.

For energy science programs, the budget includes $683 million in new budget authority in 1987, in addition to the use of $38 million of prior year funds, for a program level of $721 million, an increase of $43 million over 1986. These programs support energy-related basic research at major universities and Department of Energy (DOE) national laboratories in the physical, biological, environmental, and engineering sciences. Their goal is to provide fundamental scientific knowledge and a broadened engineering data base for future industry development of energy technologies.

Other energy supply R&D programs include DOE research on health and safety issues and Environmental Protection Agency research on acid rain and on advanced environmental control technologies. Investments to reduce the use of energy at the national laboratories are also included, together with spending for environmental cleanup at DOE sites. For the nuclear fission remedial action program, $301 million is proposed in 1987, a $55 million increase over 1986, to accelerate the cleanup of waste from uranium mining and other contaminated sites.

The administration proposes privatization of two of the Federal Government's *direct production activities*: the naval petroleum reserves (NPRs) and the power marketing administrations (PMAs).

The NPRs are located at Elk Hills, California and Teapot Dome, Wyoming. These oil fields have outlived their usefulness as national security assets. The strategic petroleum reserve is a much better energy reserve. It can pump out oil 30 times faster in an emergency. The budget assumes the oil fields are sold competitively for $3.6 billion. The proceeds from this sale are not included in this function; instead, they are classified as undistributed offsetting receipts.

The five Federal PMAs were originally established to sell power generated at Federal dams. Today they account for 6% of the power generated in the country. Privatization of the PMAs can provide greater regional control over these assets, and result in a more efficient power system for electricity customers.

The administration plans to pursue privatization through an open, competitive process—working with the congressional committees, State and local officials, current customers and all interested parties. The objectives of the process are to obtain a fair return to the Federal Government while recognizing and providing appropriate protection for the interests of customers and employees, and to promote efficient use of scarce and valuable energy resources. Although the public discussions and legislative proposals will begin in 1986, it is likely that the process will take several years. The budget assumes that privatization of the Bonneville and Southwestern Power Administrations will occur in 1988 and privatization of the other three PMAs in succeeding years, but this schedule could vary depending on response to the privatization proposal. Similar to the treatment of the NPRs, the proceeds from the sale of PMAs are not included in this function. They are instead classified below as undistributed offsetting receipts.

In 1986, the uranium enrichment program will establish a long-term repayment schedule for recovery of $3.5 billion of prior year Federal Government costs. In 1987, annual receipts will not only fully offset current operating costs, but also return $235 million to the Treasury in partial repayment of past unrecovered costs. Also in 1987, DOE will take initial steps to transfer the responsibility for further development of enrichment technologies and plant capacity to the private sector.

The commercial nuclear waste program is financed by a fee on electricity generated by nuclear power plants. In 1985, utilities made a one-time advance payment of this fee of $1.4 billion to the nuclear waste disposal fund for the disposal of their spent nuclear fuel. Proposed budget authority of $346 million in 1987 results from expenses of $769 million that are partly offset by receipts of $423 million. This represents an increase of $228 million over the 1986 level. The increase includes funds for exploratory shafts at three sites that will be recommended as candidates for the permanent repository. Funds are also requested for the proposed monitored retrievable storage facility.

The Tennessee Valley Authority (TVA) estimates its total borrowing (budget) authority to be $716 million in 1987, a decrease of $50 million from 1986. Of this total amount, $549 million is direct borrowing by TVA from the Federal Financing Bank (FFB) to help finance the agency's two remaining nuclear power plants, Watts Bar and Bellefonte. The funds will also be used for other power system modifications and upgrades. The remaining $167 million represents borrowing by Seven States Energy Corporation from the FFB, borrowing that is backed by TVA. This borrowing will finance new acquisitions of nuclear fuel. TVA's economic development programs are described in the community and regional development function.

Congress has terminated the Synthetic Fuels Corporation. The Corporation was established in 1980 to provide *subsidies for nonconventional fuel production*. World oil prices have fallen since the Corporation was created, greatly reducing prospects for near-term commercial production of synthetic fuels. The Congress rescinded the balance of funds available to the Corporation, except for $10 million for its liquidation by April 1, 1986. Congress transferred responsibility to the Secretary of the Treasury for the Corporation's previously approved projects, whose outlays are estimated at $36.5 million in 1987.

The *Rural Electrification Administration (REA)* in the Department of Agriculture provides direct loans and guarantees of direct loans by the Federal Financing Bank (FFB) for the construction and operation of rural electric utilities and telephone systems. Total REA loans outstanding, including FFB direct loans, are estimated to be $38.1 billion at the end of 1986.

The administration is proposing that rural electric systems increase their reliance on private financing and that all REA lending programs be phased out by 1990. Consistent with this approach, the budget proposes that REA reduce its direct loan obligations in 1987 by $1.0 billion from the 1986 level. REA currently charges a 5% interest rate on its direct loans; legislation is being proposed to raise the interest rate on new loans to the cost of Treasury borrowing plus 1-1/8%, thus reducing the subsidy REA provides. Finally, the administration proposes to assess a fee on all generation and transmission facility borrowers to recover any defaults on their loan repayments.

Energy conservation.—The budget proposes a total of $39 million in new budget authority for programs in this subfunction, which

CREDIT PROGRAMS—ENERGY

(In millions of dollars)

	actual 1985	Estimate			
		1986	1987	1988	1989
Direct loans:					
Alternative fuels production (loans made by FFB)[1]:					
Change in outstandings	−1,290	....	....	....	....
TVA fund:					
New obligations	63	66	69	70	67
Change in outstandings	−2	−1	−3	−1	*
Outstandings	259	259	255	254	254
TVA fund (loans made by FFB)[1]:					
New obligations	206	248	167	165	145
Change in outstandings	96	136	−147	−147	−159
Outstandings	1,651	1,787	1,640	1,493	1,334
Rural electrification:					
New obligations	1,738	1,196	435	290	145
Change in outstandings	74	−45	−85	−94	−101
Outstandings	10,237	10,191	10,107	10,012	9,912
Rural electrification (loans made by FFB)[1]:					
New obligations	2,063	2,019	1,815	1,500	1,300
Change in outstandings	1,088	719	1,304	993	797
Outstandings	21,675	22,394	23,698	24,691	25,488
Rural electrification (FFB loan assets)[2]:					
Change in outstandings	188	327	....	....	*
Outstandings	3,724	4,051	4,051	4,051	4,051
Geothermal resources and other:					
New obligations	12	33	20	....	....
Change in outstandings	8	18	17	−43	−13
Outstandings	20	39	56	13	*
Geothermal resources and other (loans made by FFB)[1]:					
Change in outstandings	−6	....	....	....	....
Total, direct loans:					
New obligations	4,083	3,562	2,506	2,025	1,657
Change in outstandings	155	1,154	1,086	707	525
Outstandings	37,568	38,721	39,807	40,515	41,039
Guaranteed loans:					
Biomass energy development:					
Change in outstandings	300	287	273	−12	−12
Outstandings	512	800	1,072	1,060	1,048
Rural electrification:					
Change in outstandings	135	128	128	88	38
Outstandings	1,045	1,173	1,301	1,389	1,427
Synthetic fuels:					
New commitments	60	....	....	....	....
Change in outstandings	4	4	12	3	−12
Outstandings	4	8	20	23	11
TVA fund:					
Change in outstandings	....	....	....	−1	....
Outstandings	1	1	1	....	....
Geothermal resources and other:					
Change in outstandings	−12	−13	....	....	....
Outstandings	23	10	10	10	10
Total, guaranteed loans:					
New commitments	60	....	....	....	....
Change in outstandings	427	406	413	78	14
Outstandings	1,585	1,991	2,404	2,482	2,496
Total, new obligations and new commitments	**4,143**	**3,562**	**2,506**	**2,025**	**1,657**

* $500,000 or less.

[1] Loans guaranteed by the agency and disbursed by FFB. They are counted as direct loans in the credit budget.

[2] Loans made by the agency and subsequently sold to FFB. The agency guarantees and repurchases the loans when they mature.

include energy conservation research and development and State and local conservation grants.

Energy conservation R&D supports development of methods to use energy more efficiently in buildings, transportation, and industry. A program level of $71 million, comprised of $34 million in new budget authority and $37 million from prior year funds is proposed for these activities, a reduction of $100 million from 1986. The reduction largely reflects proposed elimination of Federal support for development of specific proprietary products for individual companies because this is not an appropriate Federal role.

This subfunction also includes State and local government energy grant programs. These grants are used to weatherize school buildings, hospitals, and the homes of low-income families. They also support State energy planning and extension activities. The budget proposes to terminate Federal support for these programs, since they are more properly State and local responsibilities. In addition, it is anticipated that funds will be made available to the States for these and other energy-related programs as a result of final resolution of a number of cases involving petroleum pricing violations under the former oil price control program.

Emergency energy preparedness.— Administration policy for dealing with disruptions in oil supplies is to rely on market forces. To supplement this basic approach, the administration built the strategic petroleum reserve (SPR) from a level of about 100 million barrels in 1980 to about 500 million barrels in 1986.

World oil market conditions have changed significantly since the SPR was begun. The world's supply of oil produced outside the Middle East has increased. The SPR can now provide a substantial level of protection in the event of an oil supply disruption. Consequently, the administration is proposing an indefinite moratorium on further development of SPR when the reserve reaches 500 million barrels. This moratorium will be reassessed as economic and oil market conditions change.

As a result of the proposed moratorium, no additional budget authority is requested for the SPR in 1987. Outlays of $240 million for this subfunction improve the SPR oil distribution system and maintain the reserve in a state of readiness.

Energy information, policy, and regulation.—Budget authority for energy information, policy, and regulation is proposed to be $658 million in 1987, a $15 million reduction from 1986 levels. Included in this total is $405 million to support the work of the Nuclear Regulatory Commission. This subfunction also includes, for the Department of Energy, the operating expenses of the Federal Energy Regulatory Commission and the Energy Information Administration, as well as the Department's general administrative expenses.

Tax expenditures.—To encourage energy exploration and production, the tax code permits certain capital costs to be deducted as current expenses rather than amortized over the useful life of the property. In addition, extractive industries are generally permitted to use percentage depletion rather than cost depletion.

A number of residential tax incentives designed to stimulate energy conservation and encourage conversion to energy sources other than oil or natural gas were allowed to expire on December 31, 1985. In addition to the normally available investment tax credit, business investments in specified energy property were also eligible for special tax credits, which also expired at the end of 1985.

Tax expenditures for energy are listed in the accompanying table and discussed in more detail in Special Analysis G, "Tax Expenditures."

TAX EXPENDITURES FOR ENERGY

(Outlay equivalents, in millions of dollars)

Description	Estimates		
	1985	1986	1987
Expensing of exploration and development costs:			
Oil and gas	490	620	925
Other fuels	60	65	70
Excess of percentage over cost depletion:			
Oil and gas	2,005	1,880	1,850
Other fuels	460	490	525
Capital gains treatment of royalties on coal	130	135	140
Exclusion of interest on State and local industrial development bonds for certain energy facilities	130	140	155
Residential energy credits:			
Supply incentives	450	175	20
Conservation incentives	295	70	....
Alternative, conservation and new technology credits:			
Supply incentives	385	190	80
Conservation incentives	*	*	*
Alternative fuel production credit	15	15	15
Energy credit for intercity buses	15	5	*
Special rules for mining reclamation reserves	40	55	70
Total (after interactions), energy [1]	3,175	2,725	2,735

*500 thousand or less.

[1] The estimate of total tax expenditures for this function reflects interactive effects among the individual items. Therefore the estimates cannot simply be added.

NATURAL RESOURCES AND ENVIRONMENT

Federal natural resources and environment programs manage public lands and resources for their preservation, conservation, and economic development; work with State governments to ensure a clean environment; and encourage increased knowledge and understanding of the environment.

Pollution control and abatement.—Efforts to control pollution of air, water, and land are carried out through direct Federal programs and through financial assistance to State and local governments.

Regulatory, enforcement, and research programs.—Proposed budget authority in 1987 for regulatory, enforcement, and research programs is 4% lower than in 1986. This reduction reflects fulfillment of court-mandated water discharge regulations, a proposed use of fees for environmental permits to offset program costs, and a reduced need for Corps of Engineers support for the water treatment grant program. Despite the reduction in budget authority, the initiatives begun in 1986 will continue, and funding to continue implementing the Hazardous and Solid Waste Act Amendments of 1984 will be increased substantially. The budget continues the aggressive development of new hazardous waste regulatory responsibilities that began in 1985; provides for immediate implementation of new enforcement authorities; and supports the ambitious schedules to issue permits required by the new law. Budget authority for the Federal acid rain task force, classified in the energy function, will remain constant at $85 million in 1987.

Hazardous substance response fund.—The hazardous substance response trust fund (Superfund) finances the cleanup of abandoned hazardous waste sites and hazardous chemical spills. Authorization for the Superfund has expired. Budget authority of $1,050 million is requested for 1987, consistent with the administration's proposal last year. The budget request will be modified if necessary after reauthorization action by Congress.

Sewage treatment plant construction grants.—This program assists State and local governments in building sewage treatment facilities. Authorization for sewage treatment grants has expired. The administration has proposed legislation to phase out the grants by 1990. When this legislation is enacted, $1.8 billion in 1987 budget authority will be requested. A phaseout of the program is appropriate because its original mission—to assist communities in eliminating the backlog of construction needed to service the existing population—has largely been completed with the assistance provided since 1972. After phaseout, communities will be expected to finance waste treatment facilities through market sources with such assistance as State governments may provide.

Water resources.—Total net proposed budget authority of $3.7 billion for the Army Corps of Engineers, the Department of the Interior's Bureau of Reclamation, and the Department of Agriculture's Soil Conservation Service (SCS) is an increase of about 5% from the 1986 level. The increase is primarily due to new Federal water resources project construction, which is partially offset by (1) enhanced cost sharing by beneficiaries of these projects who will pay a greater share of project costs through increased user fees and non-Federal financing and (2) termination of the SCS small watershed program. Most of the proposed funding for water resources development covers construction of projects started in previous years and operation and maintenance of completed projects.

Nineteen new construction starts (including four projects proposed by the administration in prior budgets) are included in this budget. For these projects, State and local governments and private project sponsors have already demonstrated their intent to pay a greater share of construction costs.

In anticipation of enactment of pending legislation to recover capital and operating/maintenance expenses of the Nation's harbors and inland waterways, now financed almost entirely by general tax funds, the administration proposes budget authority of $0.2 billion in 1987 for operation and maintenance costs which will be recovered by a new ad valorem fee for use of the 200 U.S. commercial harbors. This fee is equivalent to 0.04% (4 cents for every $100) of the value of cargo loaded or unloaded. The budget also proposes to gradually double the existing 10-cent per gallon user fee on fuel used to transport cargo on the 12,000-mile inland waterway system. This increase will begin in 1988 and be accomplished over 10 years. The new fees will recover more of the Federal expenditures that subsidize construction and dredging for commercial inland waterborne transportation. Inland fees are classified as governmental receipts and are discussed in Part 4, "Federal Receipts by Source."

Navigation services provided by the Corps of Engineers, as well as by the Coast Guard and other Federal agencies, are commercial in nature, with quantifiable benefits and costs and identifiable beneficiaries. The administration believes more of the costs of these services can and should be recovered from direct beneficiaries. Also, additional user fees will serve both as disincentives for unneeded expansion of the inland and harbor systems and as incentives for users to support operating efficiencies wherever possible.

Similarly, other federally constructed water resource projects such as multiple-purpose dams with hydroelectric power, irrigation, flood control, and recreation outputs provide quantifiable benefits

NATIONAL NEED: USING AND PRESERVING NATURAL RESOURCES AND PROTECTING THE ENVIRONMENT

(Functional code 300; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Pollution control and abatement:					
Regulatory, enforcement, and research programs	1,296	1,374	1,322	1,332	1,341
Hazardous substance response fund:					
Existing law	606	1,189	1,083	1,190	1,125
Proposed legislation	....	−329	−33	−65	−25
Oil pollution funds (gross)	9	9	9	9	9
Sewage treatment plant construction grants:					
Existing law	2,400	574	....	1,200	600
Proposed legislation	....	1,800	1,800	....	....
Offsetting receipts:					
Existing law	−8	−38	−61	−66	−65
Proposed legislation	....	....	−21	−58	−92
Subtotal, Pollution control and abatement	4,303	4,578	4,099	3,542	2,893
Water resources:					
Corps of Engineers:					
Existing law	2,932	2,788	3,287	3,624	3,758
Proposed legislation	....	....	....	....	....
Bureau of Reclamation:					
Existing law	1,098	781	932	1,062	1,088
Proposed legislation	....	....	2	13	20
Other	227	201	104	17	18
Offsetting receipts:					
Existing law	−169	−231	−411	−510	−522
Proposed legislation	....	....	−203	−220	−230
Subtotal, Water resources	4,087	3,540	3,711	3,985	4,132
Conservation and land management:					
Management of national forests, cooperative forestry, and forestry research (Forest Service):					
Existing law	1,831	1,900	1,590	1,590	1,590
Proposed legislation	....	....	57	49	47
Management of public lands (BLM):					
Existing law	562	457	450	451	450
Proposed legislation	....	....	3	....	....
Mining reclamation and enforcement	377	279	291	295	300
Conservation of agricultural lands	624	439	373	351	351
Other:					
Existing law	296	280	273	273	274
Proposed legislation	....	....	*	....	....
Offsetting receipts:					
Existing law	−2,245	−2,573	−2,581	−2,697	−2,810
Proposed legislation	....	....	....	....	....
Subtotal, Conservation and land management	1,446	783	457	313	202
Recreational resources:					
Federal land acquisition:[1]					
Existing law	356	128	64	64	64
Proposed legislation	....	....	−28	3	6
Urban park and historic preservation funds	25	5	....	....	....
Operation of recreational resources:					
Existing law	1,265	1,320	1,227	1,203	1,216
Proposed legislation	....	....	59	61	63
Offsetting receipts:					
Existing law	−72	−78	−133	−135	−137
Proposed legislation	....	....	−43	−45	−46
Subtotal, Recreational resources	1,574	1,376	1,147	1,152	1,166

NATIONAL NEED: USING AND PRESERVING NATURAL RESOURCES AND PROTECTING THE ENVIRONMENT—Continued

(Functional code 300; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
Other natural resources:					
Program activities	1,935	1,703	1,544	1,618	1,637
Offsetting receipts:					
Existing law	−1	−2	−1	−1	−1
Proposed legislation		−14	−20	−24	−24
Subtotal, Other natural resources	1,934	1,686	1,523	1,593	1,612
Total, budget authority	**13,344**	**11,963**	**10,937**	**10,585**	**10,005**

*$500 thousand or less.

[1] Includes budget authority from State grants financed by the land and water conservation fund and from the migratory bird conservation account.

to identifiable beneficiaries. These beneficiaries should also pay a greater share of the capital costs of the facilities they use. The administration therefore proposes greater concurrent recovery of construction-period costs from project beneficiaries, including users of the Nation's commercial navigation system, on a "pay-as-you-go" basis.

The administration proposes to terminate the SCS small watershed program in 1987. No new cost-sharing projects will be signed after February 1, 1986. This program provides flood control and drainage facilities that are usually within the financial and engineering capability of non-Federal entities to provide for themselves. In addition, these facilities in some cases duplicate services of the Corps of Engineers and often provide added capacity to produce surplus commodities.

Conservation and land management.—Changes in these programs reflect the administration's continuing efforts to improve the management of the national forests and public lands, to streamline mineral leasing programs, and to place maximum responsibility with the States for surface coal mining regulatory and reclamation programs.

A proposed realignment of management responsibilities between the Forest Service and the Bureau of Land Management will result in saving approximately $14 million in management costs per year when fully implemented. This management realignment involves changes solely within the Federal Government, and will not involve or affect sales or exchanges of land or other resources with non-Federal entities.

Management of national forests, cooperative forestry, forestry research.—Proposed budget authority in 1987 for direct management of national forests is $1.5 billion. This amount provides for a decrease from 1986 in planned program levels of $76 million, after adjusting the 1987 level for funding for forest fire fighting and the

NATIONAL NEED: USING AND PRESERVING NATURAL RESOURCES AND PROTECTING THE ENVIRONMENT

(Functional code 300; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
Pollution control and abatement:					
Regulatory, enforcement, and research programs	1,208	1,326	1,373	1,326	1,344
Hazardous substance response fund:					
Existing law	360	800	804	1,056	1,100
Proposed legislation		–329	–33	–65	–25
Oil pollution funds (gross)	4	9	9	9	9
Sewage treatment plant construction grants:					
Existing law	2,900	2,820	2,355	1,548	1,070
Proposed legislation			40	645	1,045
Offsetting receipts:					
Existing law	–8	–38	–61	–66	–65
Proposed legislation			–21	–58	–92
Subtotal, Pollution control and abatement	4,465	4,588	4,466	4,395	4,387
Water resources:					
Corps of Engineers:					
Existing law	3,047	2,943	3,252	3,624	3,758
Proposed legislation					
Bureau of Reclamation:					
Existing law	954	1,002	984	1,067	1,086
Proposed legislation			2	13	20
Other	290	262	223	36	19
Offsetting receipts:					
Existing law	–169	–231	–411	–510	–522
Proposed legislation			–203	–220	–230
Subtotal, Water resources	4,122	3,977	3,847	4,010	4,131
Conservation and land management:					
Management of national forests, cooperative forestry, and forestry research (Forest Service):					
Existing law	1,964	1,968	1,622	1,593	1,590
Proposed legislation			43	51	48
Management of public lands (BLM):					
Existing law	550	467	449	454	453
Proposed legislation			3	*	
Mining reclamation and enforcement	272	316	343	325	316
Conservation of agricultural lands	620	577	447	391	374
Other:					
Existing law	320	295	275	276	276
Proposed legislation			*		
Offsetting receipts:					
Existing law	–2,245	–2,573	–2,581	–2,697	–2,810
Proposed legislation					
Subtotal, Conservation and land management	1,481	1,051	600	393	246
Recreational resources:					
Federal land acquisition:[1]					
Existing law	383	295	210	86	78
Proposed legislation			2	3	6
Urban park and historic preservation funds	73	32	7	2	
Operation of recreational resources:					
Existing law	1,237	1,297	1,274	1,252	1,223
Proposed legislation			47	61	69
Offsetting receipts:					
Existing law	–72	–78	–133	–135	–137
Proposed legislation			–43	–45	–46
Subtotal, Recreational resources	1,621	1,547	1,365	1,225	1,186

NATIONAL NEED: USING AND PRESERVING NATURAL RESOURCES AND PROTECTING THE ENVIRONMENT—Continued

(Functional code 300, in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
Other natural resources:					
Program activities	1,669	1,759	1,702	1,798	1,733
Offsetting receipts:					
Existing law	−1	−2	−1	−1	−1
Proposed legislation		−14	−20	−24	−24
Subtotal, Other natural resources	1,668	1,742	1,680	1,772	1,708
Total, outlays	**13,357**	**12,905**	**11,958**	**11,794**	**11,658**

*$500 thousand or less.

[1] Includes outlays from State grants financed by the land and water conservation fund and from the migratory bird conservation account.

Bureau of Land Management realignment. This net decrease occurs primarily as a result of a 12% reduction in timber offered for sale, reduced unit costs of timber sale preparation, postponement of construction and recreational land acquisition, and termination of forestry grants and technical assistance to States.

The productivity of national forest management will be improved by carefully controlling costs, adjusting management procedures, and paying close attention to benefit-cost relationships. The administration's objective is to produce timber, recreation, and other products or services at the lowest unit costs. Careful attention will be given to both market and nonmarket values of resources, such as water quality, and their associated costs.

Planned timber sales from national forest lands in 1987 are 10.0 billion board feet (BBF). Together with the estimated 28 BBF sold but still uncut at the end of 1986, this level will be adequate to respond to anticipated housing construction needs in 1987 and subsequent years. Gross receipts from the harvest of timber are estimated to be approximately $0.9 billion in 1987. Under current law, 25% of these receipts are paid to States for schools and roads in the counties of origin. The administration will propose legislation, discussed in the general purpose fiscal assistance function, to deduct appropriate Federal costs from receipts before calculating the share paid to the States, thus converting to a net receipt sharing basis. Federal payments in lieu of taxes on Federal lands, also classified in the general purpose fiscal assistance function, will continue to be paid to counties.

Budget authority of $111 million in 1987 for forestry research programs will continue to address high-priority projects while reducing Federal funding for research projects that directly support private industry.

The administration proposes to reduce budget authority for contributions to State and private forestry programs from $55 million in 1986 to $25 million in 1987. Funding will be retained to provide for national data collection and information dissemination to States on national problems. General grants to States for fire protection and forestry technical assistance on non-Federal lands are not proposed for 1987.

Management of public lands.—These programs provide for administration of approximately 310 million surface acres of public lands for multiple use and about 370 million acres of federally owned subsurface mineral rights. Continued emphasis will be placed on mineral leasing, realty management, data support systems, and renewable resource activities such as those affecting water, timber, or wildlife, including hazardous waste assessment.

Mining reclamation and enforcement.—The 1987 budget authority request reflects increases of $16 million to strengthen Federal and State enforcement of land reclamation requirements for current coal mining operations. A budget authority decrease of $6 million from the 1986 level reflects maturation of the abandoned mined land reclamation grant program, balancing annual obligations at a rate that can be absorbed by States and sustained each year until program completion in 1992. Approximately 225 projects to reclaim abandoned mined lands in 22 States will be financed by the $151 million request.

Conservation of agricultural lands.—A new Federal conservation reserve program is authorized by the Food Security Act of 1985. Under the new program, the Secretary of Agriculture will enter into contracts with owners of highly erodible lands to remove those lands from active crop production. In return, the landowners will receive assistance in establishing appropriate conservation cover on the land and rental payments for each acre put into reserve status. The administration proposes to terminate a number of existing conservation cost share and Soil Conservation Service programs. Technical assistance will continue to be provided to farmers to achieve sound conservation of farm land as well as to aid in the implementation of the new conservation reserve program.

Recreational resources.—Budget authority for recreation is proposed to be reduced from $1.4 billion in 1986 to $1.1 billion in 1987. Land acquisition for parks and refuges is proposed to be reduced from $101 million in 1986 to $33 million in 1987. A rescission is proposed to reduce land acquisition by $24 million in 1986. Grants to States for acquisition and development of outdoor rescreation lands and for support of State historic preservation staffs are proposed for elimination in 1987. In addition, a rescission is proposed to reduce grants for land acquisition by $36 million in 1986 and to reduce grants for historic preservation by $19 million in 1986.

These needs can be met through State, local, and private resources and the positive effect of Federal tax incentives on private investment in historic buildings.

The administration again proposes to increase entrance fees to national parks and service charges for recreational use of national parks, forests, and other Federal recreation facilities, so that those who use them will pay more for their upkeep and maintenance than will those taxpayers who do not use them. The agency collecting the user fees will retain them for operation and maintenance of recreation areas. For 1987, recreation receipts, including some receipts not counted in this subfunction, are estimated to be about $126 million, $71 million above 1986.

Total 1987 budget authority of $655 million is proposed to operate and maintain the national park system's 337 units and 75 million acres. The increase of $45 million over the 1986 level is to be financed by increased entrance and user fees.

Other natural resources.—These activities focus on the understanding, conservation, and careful husbandry of the Earth's resources, structure, and environment through research and development and information dissemination programs. They comprise elements of the Geological Survey (USGS), the Bureau of Mines, and the National Oceanic and Atmospheric Administration (NOAA).

USGS 1987 budget authority of $396 million reflects a decrease of approximately 4% from 1986 budget authority of $411 million. Reductions are proposed for numerous lower priority program activities while a $3 million increase is proposed to initiate the development of a national water quality assessment.

Requested 1987 budget authority of $107 million for the Bureau of Mines is less than in prior years, and, as in past years, no funds have been requested for the mineral institute program. Bureau of Mines research activities will be focused on long-term projects with high potential benefit.

Funding for NOAA programs in this category reflects a decrease of approximately 12% in budget authority from $1,086 million in 1986 to $960 million in 1987. Reductions are proposed for State and industry financial assistance and lower priority research and service programs. However, funding for life safety, resource management and development programs, and atmospheric and oceanic research and services is maintained. Increased funding is included to upgrade geostationary weather satellite ground systems and hurricane reconnaissance aircraft, procure NEXRAD doppler weather radars, and implement the U.S./Canada Pacific Salmon Treaty.

The administration will propose a $10 minimum marine recreational sport fishing license to partially offset the costs of managing and conserving this exhaustible natural resource. Coastal

States will retain one-half of the license fee, which is estimated to total $20 million in 1987.

Offsetting receipts.—Offsetting receipts from the entire natural resources and environment function—primarily from user fees, sales of products, rents and royalties—are expected to rise from $2.9 billion in 1986 to $3.5 billion in 1987. Virtually all of these collections are user fees.

Credit programs.—The administration proposes a decrease of $1 million in obligations in 1987 from 1986 in programs operated by the Bureau of Reclamation. These direct loans are made to local government project sponsors for construction and rehabilitation of irrigation systems and for storage of municipal or industrial water supplies. The administration proposes three new loans that will carry interest at Treasury rates plus one eighth of one percent to cover transaction costs. Currently, the required repayment interest rate varies by project purpose and ranges from zero to near current Treasury rates. A reduction in Environmental Protection Agency loans to schools to remove asbestos reflects the completion of Federal responsibility for that program.

CREDIT PROGRAMS—NATURAL RESOURCES AND ENVIRONMENT

(In millions of dollars)

	actual 1985	Estimate			
		1986	1987	1988	1989
Direct loans:					
Water resources and other:					
New obligations	86	79	48	37	42
Change in outstandings	63	77	79	35	26
Outstandings	481	558	637	672	698
Total, new obligations and new commitments	**86**	**79**	**48**	**37**	**42**

Tax expenditures.—As an incentive to encourage production, certain capital costs associated with exploration and development of nonfuel minerals may be expensed rather than depreciated over the life of the asset. In addition, most nonfuel mineral extractors use percentage depletion, rather than cost depletion. Percentage depletion is more generous than cost depletion in that total deductions are not limited to the cost of the investment. The tax expenditure estimates for these two provisions are $90 million and $515 million, respectively, in 1987.

Because interest on State and local government debt issued to finance the pollution control and waste disposal facilities of private firms is excluded from income subject to tax, investment for these purposes can be financed at below market interest rates. The estimated cost for 1987 is $1.6 billion.

A special 25% tax credit is available for expenditures made to restore certain historic structures. The 1987 estimate of $715 million for this provision includes the remaining tax subsidies from special depreciation treatment available under prior law.

Special benefits are provided to the timber and iron industries in order to encourage production. The gains on the cutting of timber and royalties from iron ore deposits are taxed at capital gains rates, which are lower than rates on ordinary income. For 1987, this results in a tax expenditure of $830 million and $30 million, respectively. Private forestry is additionally encouraged because a limited amount of reforestation expenditures are eligible for special tax credits and write-offs. This tax expenditure is $65 million in 1987.

Tax expenditures for natural resources and environment total an estimated $2.8 billion in 1987.

AGRICULTURE

Federal programs in this function help meet domestic and international trade demands for food and fiber while mitigating the adverse effects of price fluctuations on farmers. The administration will use two major pieces of recently enacted legislation designed to improve U.S. agriculture's competitive position in world markets and strengthen the Farm Credit System.

First is the Food Security Act of 1985 that will set farm policy through 1990. The act allows the farm economy to move away from programs mandated by prior legislation that had the effect of raising U.S. prices above world market prices, necessitating Federal export credit subsidies and depressing farm income. The overall net result has been high and growing Federal outlays while U.S. agricultural exports declined. Under the Food Security Act, programs can be designed that will help restore export markets and assist farm operators while they adjust to new world market conditions.

Legislation was also enacted addressing the financial difficulties of the Farm Credit System, which holds $68 billion (32%) of the total $213 billion in farm debt outstanding at the end of 1984. The Farm Credit Administration (FCA), as the regulator of the banks and associations of the Farm Credit System, was granted new enforcement powers enabling it to ensure sound system-wide financial management standards and practices.

The legislation also provides for the chartering of a Farm Credit System Capital Corporation, which will purchase nonperforming assets from and provide technical assistance to distressed FCS institutions. In addition, the FCA is authorized to make temporary deposits and investments in troubled institutions.

The administration's request for the Farmers Home Administration (FmHA) contains $4 billion in total credit authority in 1987 to help ensure that viable but higher risk farmers have operating credit available to continue operations. This continues the trend toward reducing direct Government lending and emphasizing guarantees of private loans that began in 1986 and was ratified by the Food Security Act.

The administration also proposes to scale down Federal intervention and subsidy in other areas of agriculture particularly in insurance, applied research, and other business services.

Farm income stabilization.—This area represents 92% of estimated 1987 outlays in the agriculture function.

NATIONAL NEED: IMPROVED AGRICULTURE

(Functional code 350; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Farm income stabilization:					
Commodity price support and related programs:					
Existing law	15,249	21,694	15,655	17,316	17,879
Proposed legislation			−140	−275	−411
Crop insurance:					
Existing law	474	344	376	451	485
Proposed legislation			−136	−302	−415
Agricultural credit:					
Existing law	2,981	2,022	2,838	3,559	3,000
Proposed legislation			−537		
Agricultural credit (FFB):					
Existing law	6,815	2,172	166		526
Proposed legislation			−166		
Other programs and unallocated overhead	51	*			
Subtotal, Farm income stabilization	25,569	26,232	18,057	20,748	21,065
Agricultural research and services:					
Research programs	821	765	761	751	751
Extension programs	344	328	140	140	140
Marketing programs:					
Existing law	131	129	129	128	128
Proposed legislation			−43	−44	−44
Animal and plant health programs:					
Existing law	306	310	260	260	260
Proposed legislation			−21	−21	−21
Economic intelligence	191	182	179	179	179
Other programs and unallocated overhead:					
Existing law	211	206	214	213	207
Proposed legislation			−4	−4	−4
Offsetting receipts	−92	−90	−90	−89	−89
Subtotal, Agricultural research and services	1,911	1,830	1,526	1,513	1,506
Total, budget authority	**27,480**	**28,062**	**19,583**	**22,261**	**22,571**

*$500 thousand or less.

Commodity price support and related programs.—Price and income support activities currently constitute the largest portion of Federal Government expenditures in the agricultural sector. The Department of Agriculture (USDA), working through the Commodity Credit Corporation (CCC), sets target prices, provides income support and deficiency payments, and offers special loans to farmers. These programs were created to stabilize, support, and protect farm income and prices, and to provide consumers with a dependable supply of agricultural products at affordable prices.

The USDA provides income support payments for producers who participate in certain commodity programs. Through these payments, the Government guarantees farmers a certain level of income based on target prices set in legislation for those crops. The Food Security Act freezes target prices for 2 years and then provides for a gradual decrease over the next 3 years.

NATIONAL NEED: IMPROVED AGRICULTURE

(Functional code 350; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
Farm income stabilization:					
Commodity price support and related programs:					
Existing law	17,733	20,399	16,341	17,316	17,879
Proposed legislation			−140	−275	−411
Crop insurance:					
Existing law	506	557	370	421	455
Proposed legislation			−134	−273	−385
Agricultural credit:					
Existing law	2,782	2,126	2,368	1,251	3,258
Proposed legislation			−489		
Agricultural credit (FFB):					
Existing law	2,658	922	−216	−385	−3,434
Proposed legislation			−166		
Other programs and unallocated overhead	72	14	4		
Subtotal, Farm income stabilization	23,751	24,017	17,938	18,056	17,363
Agricultural research and services:					
Research programs	739	773	799	817	772
Extension programs	338	331	179	169	140
Marketing programs:					
Existing law	138	135	128	128	128
Proposed legislation			−43	−44	−44
Animal and plant health programs:					
Existing law	305	312	260	263	260
Proposed legislation			−21	−21	−21
Economic intelligence	180	185	177	179	179
Other programs and unallocated overhead:					
Existing law	205	207	218	215	209
Proposed legislation			−4	−4	−4
Offsetting receipts	−92	−90	−90	−89	−89
Subtotal, Agricultural research and services	1,813	1,854	1,603	1,612	1,529
Total, outlays	**25,565**	**25,871**	**19,541**	**19,668**	**18,892**

The USDA also provides farmers with deficiency payments—the difference between the target price and the market or loan price. In the past, these payments were based on the volume produced, so they encouraged overproduction, which in turn resulted in increased deficiency payments. The new farm bill freezes the crop yields at the average for the 1981-1985 crop years, excluding the high and low years, thereby avoiding further increases in deficiency payments resulting from rising yields. Further, farmers will no longer have to plant their total crop base to qualify for full deficiency payments thus partially decoupling planting decisions from program benefits.

For certain crops, the Government offers to lend farmers money, taking their crops as collateral. These loans are usually nonrecourse, so that farmers can default on the loan and forfeit their crops as collateral. These loans are an effective floor on market prices, because farmers will forfeit their crops rather than sell them at a market price that is less than the loan price.

The administration plans to fully utilize the discretion provided in the farm bill to set price support loan rates at market clearing levels, and to minimize incentives for overproduction. The elimination of artificially high price supports should increase U.S. exports thereby reducing the need for export subsidies. In 1985, U.S. wheat producers suffered a price disadvantage of $40 per ton on world markets. This was one of the main reasons for decreased foreign purchases over the last year. While outlays are expected to be very high during the first 2 years of the 5-year farm bill due to frozen target prices, the modest phasedown in target prices during the latter years coupled with the expected growth in U.S. exports over the period should lead to significant reductions in outlays for Federal farm price support activities after 1989.

The value of agricultural exports in 1985 was $31.2 billion, while imports totaled $19.8 billion, resulting in a positive agricultural trade balance of $11.4 billion. The sheer magnitude of these exports mandates the continued reliance on free-market commercial exports as the driving force in the success of U.S. agricultural trade. Nevertheless, export credit assistance is provided by CCC for the relatively small portion of export sales that could not occur without federally subsidized credit. Total export credit planned for 1987 is $3 billion. This is 130% over the 1981 level of total CCC export credit assistance.

Crop insurance.—The Federal Crop Insurance Corporation (FCIC) offers insurance to producers against crop losses from natural hazards such as excessive rainfall or drought. The FCIC was charged in 1980 with the goal of developing a market for crop insurance so that private insurance companies eventually would be willing to offer services without Federal support. Today all-risk crop insurance is available in over 3,000 agricultural counties and over 85% is delivered by private companies. Insurance in force is expected to reach $9.8 billion in 1987, an increase of $1.4 billion over the 1986 estimate. Due to the strong acceptance of crop insurance, the budget proposes privatization of crop insurance services and a 5-year phaseout of the Federal role. User fees of about $21 million will be initiated in 1987 to recover costs of providing services to private insurance companies and some regulatory activities which will be continued by the FCIC.

The 1987 budget proposal will enhance the administration's efforts to develop a fully commercial crop insurance program by permitting more efficient pricing and delivery.

Agricultural credit.—The Nation relies on private credit for agriculture as in other sectors of the national economy. However, the Farmers Home Administration (FmHA) currently holds about 15% of total farm debt outstanding, primarily for family farmers with

CREDIT PROGRAMS—AGRICULTURE

(In millions of dollars)

	actual 1985	Estimate			
		1986	1987	1988	1989
Direct loans:					
Commodity price support and related loans:					
New obligations	10,443	16,570	11,524	10,940	9,311
Change in outstandings	5,346	5,052	−3,080	−1,706	−2,043
Outstandings	15,104	20,156	17,076	15,370	13,327
Agricultural credit insurance fund:					
New obligations	4,757	3,198	1,500	1,000	500
Change in outstandings	−22	−11	−364	32	1,334
Outstandings	388	377	12	44	1,378
Agricultural credit insurance fund (FFB loan assets)[1]:					
Change in outstandings	2,658	922	−382	−385	−3,434
Outstandings	28,175	29,097	28,715	28,330	24,896
Total, direct loans:					
New obligations	15,200	19,768	13,024	11,940	9,811
Change in outstandings	7,982	5,963	−3,826	−2,059	−4,143
Outstandings	43,667	49,630	45,803	43,744	39,601
Guaranteed loans:					
Commodity price support and related loans:					
New commitments	2,674	5,264	3,000	3,000	3,000
Change in outstandings	404	2,298	−201	−265	−717
Outstandings	5,094	7,392	7,191	6,926	6,210
Agricultural credit insurance fund:					
New commitments	1,175	1,872	2,500	3,000	3,500
Change in outstandings	257	1,309	1,333	2,501	1,054
Outstandings	1,385	2,694	4,027	6,528	7,583
Total, guaranteed loans:					
New commitments	3,848	7,136	5,500	6,000	6,500
Change in outstandings	661	3,607	1,132	2,237	338
Outstandings	6,479	10,086	11,218	13,455	13,792
Total, new obligations and new commitments	**19,049**	**26,904**	**18,524**	**17,940**	**16,311**

[1] Loans made by the agency and subsequently sold to FFB. The agency guarantees and repurchases the loans when they mature.

limited resources. At the end of 1985, outstanding FmHA agricultural credit insurance fund direct loans totaled $29 billion. The FmHA has lent approximately 53% of this outstanding amount during the last 10 years. In 1985 alone, new direct lending totaled $4.8 billion with 10% of this amount for disaster loans.

Farm operating direct and guaranteed loan activity in 1986 is estimated to be $3.5 billion. The 1987 budget proposes a $4.0 billion direct and guaranteed farm operating loan program ($1.5 billion direct, $2.5 billion guaranteed). A greater emphasis will be placed on guaranteed lending. A 1% origination fee will also be assessed on direct loans providing about $14 million in additional revenue.

Agricultural research and services.—The 1987 research program will increase germplasm and biotechnology research to improve the competitiveness and profitability of U.S. agriculture. Research will be conducted in areas of plant and animal productivity, commodity conversion, conservation, and human nutrition. The 1987 program will emphasize long-term, basic research rather than applied research and product development, which are more appropriately financed by private industry.

Extension programs.—The Federal Extension Service, States, and localities finance the Cooperative Extension System. This system provides out-of-school, applied education in agriculture, home economics, community development, and 4-H youth programs. Federal support, which accounts for only one-third of the resources available to the system, will be reduced from $328 million in 1986 to $140 million in budget authority in 1987. The Extension System will be urged to use the Federal funds to maintain high priority activities such as continuing services to farm operators to enhance profitability of U.S. farms and to conserve soil and water resources. Extension service staff time devoted to other activities can be supported if desired by enhanced State or local contributions.

Marketing programs.—The Federal Government provides a variety of services to aid in the orderly marketing of farm products such as grain inspection and weighing; tobacco inspection; cotton classification; and meat, poultry, and livestock grading. Most of these services are now provided on a user fee basis. Legislation will be proposed to place more services—including compliance and standardization for Federal grain inspection, market news information and other activities of the Agricultural Marketing Services, and investigations of market fraud involving packers and stockyards—on a user fee basis. These collections are estimated to be $49 million in 1987.

Animal and plant health.—The Federal Government carries out a number of programs to prevent the introduction and spread of plant and animal pests and diseases that can cause severe losses in crop yields or livestock. Outlays in 1987 of $262 million include funds to support the eradication of brucellosis infection in domestic livestock through a disciplined Federal-State-industry cooperative program. The goal is to eradicate the disease completely over the next few years, after which the Federal role will be reduced to surveillance only. User fees totalling $20 million are proposed for services rendered through the agricultural quarantine inspection, import/export inspection, veterinary biologics and veterinary diagnostics programs. Funding for programs against imported fire ants, noxious weeds, pseudorabies, and for animal welfare and horse protection programs are proposed for termination.

Tax expenditures.—Agriculture is promoted by several tax expenditures. The tax code permits farmers to treat certain capital outlays as current expenses, such as those for feed, fertilizer, and planting, and allows capital gains treatment on the sale of certain farm assets rather than treating them as ordinary income. The 1987 estimates for these two provisions are $535 million and $870 million, respectively. The tax expenditures for agriculture are $1.3 billion in 1987.

COMMERCE AND HOUSING CREDIT

The Federal Government seeks to support an environment in which all sectors of the economy may compete equally for credit. Commerce and housing credit programs supplement private sector financing of business and housing by providing assistance for mortgage credit, deposit insurance and other subsidies for business.

The budget proposals reflect the administration's goal to reduce Federal intervention in private markets and to streamline existing programs to better target support. The objective of the recommendations is to reduce, terminate or privatize programs in which the beneficiaries can be served by the private sector. The budget also proposes to raise user fees for credit programs in which the Government does not recover the full program costs or unfairly competes with the private sector.

The budget proposes $10.2 billion in 1987 budget authority and $1.4 billion in estimated outlays for commerce and housing credit. Mortgage credit and deposit insurance programs and activities are a major portion of the assistance, with $2.9 billion in proposed budget authority in 1987. In addition, the budget proposes $1.8 billion in direct loan obligations and $37.5 billion in guaranteed loan commitments in 1987.

Mortgage credit and deposit insurance.—In support of both the housing and financial markets, the Federal Government's primary goal is to provide fiscal and monetary policies that result in stable, non-inflationary economic growth. Additionally, the Government has long attempted to provide direct support, in the form of grants and direct and guaranteed loans, to those areas the private sector may not adequately serve.

Mortgage-backed securities.—The *Government National Mortgage Association (GNMA)* supports the mortgage market through guarantees of mortgage-backed securities. In 1986, guarantees are expected to be issued on $43.2 billion in securities—well below the new loan guarantee limitation of $65.3 billion. These securities are backed by pools of mortgages that are either insured by the Federal Housing Administration or guaranteed by the Veterans Administration. For 1987, the administration proposes to retain the 1986 (pre-sequestration) new commitment limitation of $68.3 billion. Commitments of $55.4 billion are expected to be made, as shown in the credit programs table at the end of this section. Table F-20 of Special Analysis F, "Federal Credit Programs," shows the estimated new guaranteed loan commitments of $39.5 billion.

To support the goal of reducing advantages enjoyed by Federal Government and Government-related agencies that compete with private sector providers, the administration is proposing to increase

NATIONAL NEED: COMMERCE AND HOUSING CREDIT

(Functional code 370, in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Mortgage credit and deposit insurance:					
Mortgage purchase activities (GNMA)	*	....	....	....	....
Mortgage credit (FHA and other)	160	123	79	458	686
Housing for the elderly or handicapped	504	....	....	....	....
Rural housing programs (FmHA)	6,218	2,655	2,865	2,629	2,633
Federal Savings & Loan Insurance Corp & other	200	....	....	....	....
Subtotal, Mortgage credit and deposit insurance	7,081	2,778	2,944	3,087	3,320
Postal Service:					
Existing law	2,639	3,974	2,738	3,762	1,213
Proposed legislation	....	....	777	616	824
Subtotal, Postal Service	2,639	3,974	3,515	4,378	2,037
Other advancement of commerce:					
Small and minority business assistance:					
Existing law	1,303	929	2,622	−39	−105
Proposed legislation	....	....	−95	−57	−27
Science and technology	361	334	369	395	388
Economic and demographic statistics	197	217	308	394	371
International trade and other:					
Existing law	528	496	504	497	503
Proposed legislation	....	....	28	28	28
Subtotal, Other advancement of commerce	2,389	1,975	3,736	1,218	1,158
Total, budget authority	**12,109**	**8,727**	**10,195**	**8,684**	**6,515**

*$500 thousand or less.

the guarantee fee that GNMA currently charges mortgage-backed securities issuers from 6 basis points to 15 basis points in 1987 and to 20 basis points thereafter. This proposed fee is closer to that charged by other issuers of mortgage-backed securities and is part of a Governmentwide effort to create incentives for increased private sector activity in the secondary mortgage market for home mortgages.

The administration proposes a phasing-in of similar fees for all Government-sponsored enterprises (GSEs), including the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association and the Federal Home Loan Banks. This fee will be phased in to a level that will eliminate the interest rate advantage these GSEs' securities currently enjoy in the credit markets. By eliminating most of the competitive advantages of the GSEs, the user fees will permit competition with private financial intermediaries in an increasingly deregulated financial environment. The administration considers this proposal a critical first step toward completely privatizing these entities.

Mortgage credit.—The *Federal Housing Administration (FHA)* provides mortgage insurance on single-family homes, apartments, mobile

NATIONAL NEED: COMMERCE AND HOUSING CREDIT

(Functional code 370; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
Mortgage credit and deposit insurance:					
Mortgage-backed securities (GNMA)	−234	−268	−324	−397	−487
Mortgage purchase activities (GNMA)	−590	−465	−433	−126	−96
Mortgage credit (FHA and other)	−594	−1,434	−1,970	−1,691	−1,812
Housing for the elderly or handicapped	501	490	385	260	178
Rural housing programs (FmHA)	3,971	3,318	1,666	1,471	1,090
Federal Deposit Insurance Corporation	−1,942	−1,658	−1,900	−2,150	−2,400
Federal Savings & Loan Insurance Corp & other	615	456	−197	472	359
National Credit Union Administration	−855	−259	−293	−272	−278
Subtotal, Mortgage credit and deposit insurance	871	179	−3,067	−2,433	−3,447
Postal Service:					
Existing law	1,351	1,345	1,906	4,443	989
Proposed legislation	....	....	777	616	824
Subtotal, Postal Service	1,351	1,345	2,683	5,059	1,813
Other advancement of commerce:					
Small and minority business assistance:					
Existing law	1,008	1,145	435	−32	−43
Proposed legislation	....	....	50	−72	−93
Science and technology	303	450	362	388	390
Economic and demographic statistics	212	209	276	369	379
International trade and other:					
Existing law	484	475	596	525	495
Proposed legislation	....	....	24	26	25
Subtotal, Other advancement of commerce	2,007	2,279	1,743	1,204	1,154
Total, outlays	**4,229**	**3,802**	**1,359**	**3,831**	**−480**

homes, and health care facilities. This insurance protects lenders from loss in the event of default on loans and may thereby enable borrowers to obtain loans that might otherwise not be available, or to obtain better loan terms than are available in the absence of this insurance.

The FHA credit program is the largest Federal loan guarantee program. The most significant segment of this program is insurance of single-family home mortgages, accounting for about 87% of the total volume of mortgages insured. Single-family mortgages of up to $90,000 can be insured under the FHA with as little as 3% down.

Consistent with the administration's initiative of instituting, and in some cases raising, credit user fees, beginning in 1987 the premium collected by FHA for its single-family insurance is proposed to be increased from 3.8% to 5.0%, in order to compensate FHA for recent high default rates. The premium increase will provide additional protection to the FHA insurance fund in the event of unanticipated losses brought about by slower appreciation in home prices, lower homeowner equity, and insurance of riskier mortgages, e.g., adjustable rate and graduated payment mortgages.

The administration is also proposing several other reforms to the FHA program. FHA will be targeted to families with incomes below $40,000—homebuyers with the fewest options for purchasing a home. FHA will cease making loans to investors and individuals purchasing a second home. In order to stem the recent increase in default rates, FHA will also require that all upfront costs be paid in cash in order to assure that the homebuyer has some "stake" in the home.

In keeping with the goal of removing the Federal Government from activities that compete directly with the private market, the administration will review alternatives for the sale of FHA to the private sector. The private mortgage insurance industry that has developed in the United States over the last 28 years handles a larger portion of this market than does FHA and serves substantially the same clientele. Moreover, well-capitalized corporations appear interested in entering this market. In view of these factors, over the next year the administration will undertake a study to determine the most efficient way to transfer the FHA's function to the private sector.

Housing for the elderly or handicapped.—The Section 202 elderly and handicapped housing program provides direct loans at subsidized rates to non-profit organizations for the construction of housing for low-income elderly and handicapped tenants. In addition to these subsidized loans, the projects are subsidized by the Section 8 rental assistance program, which is described in the income security function.

The administration's budget proposes to address the needs of elderly and handicapped households through the rental housing voucher program rather than housing construction programs. Housing vouchers allow individual low-income households to select their own housing needs by shopping for housing on the existing rental market. The program enables the Federal Government to provide, at about one-third of the cost, housing assistance to the same very low-income households served currently under the Section 202 elderly and handicapped housing program. The administration's subsidized housing reform proposal rests on the premise that the Nation's housing problem is not inadequate supply requiring new construction. In fact, 1985 rental housing vacancy rates nationwide reached their highest level in 18 years. The administration asserts that the Nation's housing problem is that poor households have inadequate incomes to afford standard quality housing that is already available. Housing vouchers meet the affordability problem head on.

Consequently, the budget proposes no new commitments for Section 202 beginning in 1986; new loans of $54 million in 1986 and $30 million in 1987 are anticipated in order to complete projects already in the construction pipeline. Outlays for this program are estimated to be $490 million in 1986 and $385 million in 1987 reflecting disbursements of prior year's loan obligations.

Rural housing programs.—The two principal housing loan programs of the Farmers Home Administration (FmHA) have provided low-interest direct loans to help low- and very low-income families purchase homes and to support construction of privately owned rental housing. The administration proposes termination of FmHA housing assistance and transfer of some of its functions to the Department of Housing and Urban Deveopment (HUD). In 1987, HUD would expand its role in rural areas and assume full responsibility for these housing assistance needs by allocating 50,000 newly proposed voucher units evenly between urban and rural areas. Since 1980, approximately 50% of all new federally assisted housing units has been provided to rural communities. Consequently, there will be no new commitments for additional FmHA rural housing units in 1987.

Credit and banking.—A number of programs enhance the safety and soundness of the banking system and affect its responsiveness to the needs of both savers and borrowers. The *Federal Deposit Insurance Corporation* insures the deposits of all federally chartered and many State chartered commercial and savings banks. A record number of FDIC-insured banks failed in 1985. A significant portion of the failed banks suffered unsustainable losses caused by weaknesses in the agricultural economy. Despite the record number of failures, net income for the year totaled $2.8 billion, raising the equity of the fund to $19.5 billion. Although some problems are expected to continue in the banking industry, growth in insurance premiums and interest revenue will lead to increases in net income for the corporation. Following a brief decline in 1986, the FDIC's net receipts are also expected to increase in 1987 to $1.9 billion, again based on increases in interest revenues and insurance premiums.

The *Federal Savings and Loan Insurance Corporation*, under the direction of the Federal Home Loan Bank Board, insures deposits of member savings and loan associations and savings banks. Overall, the thrift industry posted a record profit in 1985 due to a drop in interest rates. However, profits were not consistent throughout the industry, with a significant number of thrifts still experiencing losses. Lower rates of inflation and poor underwriting contributed to problems of some of the thrifts. FSLIC sustained heavy losses in 1985 as a result of closing numerous insolvent thrifts.

CREDIT PROGRAMS—COMMERCE AND HOUSING CREDIT

(In millions of dollars)

	actual 1985	Estim	
		1986	1987
Direct loans:			
Mortgage-backed securities (GNMA):			
New obligations	6	16	16
Change in outstandings	−2	*	1
Outstandings	3	3	4
Mortgage purchase activity (GNMA):			
Change in outstandings	−748	−653	−606
Outstandings	1,634	981	375
Mortgage insurance (FHA):			
New obligations	330	472	278
Change in outstandings	38	96	−423
Outstandings	4,204	4,301	3,877
Housing for the elderly or handicapped:			
New obligations	597	55	30
Change in outstandings	511	501	381
Outstandings	5,667	6,167	6,548
Rural housing (FmHA):			
New obligations	2,720	1,336	
Change in outstandings	−107	449	−382
Outstandings	329	778	396
Rural housing (FFB loan assets)[2]:			
Change in outstandings	1,585	391	−150
Outstandings	28,351	28,742	28,592
Central liquidity facility (NCUA)			
New obligations	47	100	80
Change in outstandings	−48	−20	−22
Outstandings	222	202	180
Small business assistance			
New obligations	697	621	491
Change in outstandings	−119	−66	920
Outstandings	3,220	3,154	4,074
Small business assistance (loans made by FFB)[1]:			
New obligations	525	514	300
Change in outstandings	405	369	−1,989
Outstandings	1,620	1,989	
Small business assistance (FFB loan assets)[2]:			
Change in outstandings	−7	−10	−10
Outstandings	33	23	13
Oregon veterans housing (loans made by FFB)[1]:			
New obligations	60		
Change in outstandings	60		−60
Outstandings	60	60	
FDIC:			
New obligations		130	110
Change in outstandings	−305	127	51
Outstandings	3,617	3,744	3,795
FSLIC:			
New obligations	783	500	500
Change in outstandings	603	481	495
Outstandings	1,758	2,239	2,735
Other:			
New obligations	16	2	1
Change in outstandings	33	−21	−15
Outstandings	93	72	57
Total, direct loans:			
New obligations	5,780	3,745	1,80
Change in outstandings	1,898	1,643	−1,80
Outstandings	50,812	52,455	50,64

CREDIT PROGRAMS—COMMERCE AND HOUSING CREDIT—Continued

(In millions of dollars)

	Actual 1985	Estimate			
		1986	1987	1988	1989
Guaranteed loans:					
Mortgage-backed securities (GNMA)[3]:					
New commitments	54,597	60,463	55,357	51,875	52,632
Change in outstandings	24,541	33,655	30,778	26,578	26,143
Outstandings	201,026	234,681	265,458	292,036	318,179
Mortgage insurance (FHA):					
New commitments	47,441	49,336	37,164	37,164	37,164
Change in outstandings	25,447	25,934	18,831	14,981	14,466
Outstandings	195,480	221,413	240,244	255,225	269,691
Rural housing (FmHA):					
Change in outstandings	−238	−139	−21	−295	−185
Outstandings	755	616	595	300	116
Small business assistance					
New commitments	2,810	2,950			
Change in outstandings	209	393	−852	−2,161	−1,586
Outstandings	9,108	9,501	8,649	6,488	4,902
FSLIC:					
New commitments	900	426	350	278	228
Change in outstandings	751	357	263	178	128
Outstandings	2,514	2,871	3,134	3,312	3,440
Other:					
New commitments	38	26	3		
Change in outstandings	−16	−11	−5	−39	−30
Outstandings	189	178	173	134	104
Less guaranteed loans held as direct loans by GNMA[4]:					
Change in outstandings	748	653	606	218	115
Outstandings	−1,634	−981	−375	−157	−42
Total, guaranteed loans:					
New commitments	51,188	52,738	37,517	37,442	37,392
Change in outstandings	26,903	27,186	18,822	12,883	12,908
Outstandings	206,412	233,599	252,420	265,303	278,212
Total, new obligations and new commitments	**56,969**	**56,483**	**39,324**	**39,071**	**38,891**

* $500,000 or less.

[1] Loans guaranteed by the agency and disbursed by FFB. They are counted as direct loans in the credit budget.

[2] Loans made by the agency and subsequently sold to FFB. The agency guarantees and repurchases the loans when they mature.

[3] GNMA guarantees securities that are backed by pools of loans previously insured by the FHA, VA, or FmHA. These secondary guarantees of loans are not included in the guaranteed loan totals of the credit budget.

[4] When guaranteed loans are acquired by another budget account, they are counted as direct loans in the credit budget. This deduction for GNMA eliminates double counting.

Estimated 1986 outlays of $456 million will reflect further losses experienced by FSLIC. In 1987, the fund's revenues are estimated to exceed its losses by $197 million. The assessment of an additional insurance premium, which generated an additional $750 million in 1985, contributed to a rise in the fund's net income to $494 million in 1985. Net income for both 1986 and 1987 is expected to fall.

The *National Credit Union Administration* regulates credit unions, provides liquidity assistance to member credit unions, and insures depositors' accounts. In 1985, the national credit union share insurance fund was capitalized by collecting a one-time deposit from member credit unions equal to 1% of their deposits. As result, the equity of the fund climbed from $286 million in 1984 to $1.1 billion at the end of 1985.

In 1986 and 1987, equity is expected to grow by $236 million and $250 million, respectively. Estimated outlays will increase by $596 million in 1986. For 1987, outlays are expected to decline slightly.

Postal Service.—The Postal Reorganization Act of 1970 established the U.S. Postal Service as an independent self-sustaining part of the executive branch. The outlays of the Postal Service are composed of the payments by the general fund to the postal service fund, and the net outlays (spending offset by income, such as proceeds from the sale of stamps) of the postal service fund. Total outlays for 1987 are estimated to be $2.7 billion.

The budget will repropose the termination of the payments by the general fund which are reimbursements to the Postal Service for losses in revenue associated with carrying certain categories of mail at free or reduced rates. However, legislation will be proposed to enable the Postal Service itself to continue the subsidy for most existing subsidized mailers.

Additionally, the administration's legislative proposals to reform the current civil service retirement system and the Federal employees health benefits program, respectively, will (1) require the Postal Service to begin paying the full share of the actuarial cost of employee pensions, and (2) require the Postal Service to begin paying the cost of postal annuitants' health benefit premiums. In addition, the proposed reforms for the civil service retirement system described in the income security function will be applied equally to Postal Service employees.

Other advancement of commerce.—Federal programs attempt to support an environment for fair and equitable business opportunities and increase international competitiveness by providing technical assistance, developing and distributing scientific standards, collecting and disseminating information on the economy and population, administering U.S. trade laws, and providing export promotion assistance to small and medium sized businesses.

Small and minority business assistance.—The administration is proposing to transfer the Small Business Administration (SBA) to the Department of Commerce, where it will continue to provide small businesses with management and technical assistance programs and to evaluate regulations and proposed legislation for potential impact on small business. In addition, SBA's minority procurement assistance program will be consolidated with the programs administered by the Minority Business Development Agency

(MBDA) in the Department of Commerce, combining programs which promote minority businesses and eliminating the need for intended beneficiaries to go to two agencies for assistance. The reorganization will help to consolidate Federal business assistance programs into one agency, and reduce administrative expenses.

Because small and minority businesses benefit more from the administration's continuing efforts to stabilize financial markets, and to reduce interest rates and inflation than they do from Federal loan programs, the administration also proposes to eliminate unnecessary loan programs. As part of this initiative, SBA's credit programs would be terminated and its loan portfolio transferred to the Department of the Treasury for liquidation and sale.

New direct loan obligations of $491 million in 1987 are proposed to cover claims on defaulted SBA guaranteed loans and disburse direct loan commitments made in previous years. These obligations will be administered by the Treasury. Outlays for small and minority business assistance, not including loan repayments and interest, are estimated to be $485 million in 1987, compared to an estimated $1,145 million in 1986.

Other.—The administration is again proposing to transfer the functions of the U.S. Travel and Tourism Administration to private, State and local tourism organizations, which are better able to promote international travel to the United States. The administration also proposes to terminate several funds that provide direct financial assistance or insurance to the domestic commercial fishing industry. The administration believes this industry should not be singled out for special treatment.

Tax expenditures.—The tax system provides a variety of incentives for investment in equipment, commercial and industrial structures, and residential housing. For example, the accelerated cost recovery system (ACRS) increases incentives to invest in buildings, rental housing and capital equipment by permitting accelerated writeoff of such expenditures. To the extent that allowable depreciation for tax purposes exceeds the rate at which assets actually depreciate, business tax liabilities are deferred. The investment tax credit also provides incentives for investment in capital equipment.

Under the capital gains provisions of the tax code, income from the sale of capital assets held for more than 6 months is taxed at lower rates than income from regular sources. The exclusion of dividends from a public utility (up to $750 for a single return and $1,500 on a joint return) that were reinvested in the common stock of the utility was allowed to expire on December 31, 1985.

The Federal Government also subsidizes homeownership lowing deductions for mortgage interest and property tax owner-occupied homes. Additional benefits are provided by p ting capital gains on home sales to be either deferred or exc from income.

Tax expenditures for commerce and housing credit are lis the accompanying table and discussed in more detail in S Analysis G, "Tax Expenditures."

TAX EXPENDITURES FOR COMMERCE AND HOUSING CREDIT

(Outlay equivalents; in millions of dollars)

Description	Estimates	
	1985	1986
Dividend and interest exclusion	660	685
Exclusion of interest on State and local industrial development bonds	1,880	2,155
Exemption of credit union income	345	375
Excess bad debt reserves of financial institutions	−180	60
Exclusion of interest on life insurance savings	5,020	5,370
Deductibility of interest on consumer credit	15,845	17,775
Deductibility of mortgage interest on owner-occupied homes	24,975	27,180
Deductibility of property tax on owner-occupied homes	9,395	10,145
Exclusion of interest on State and local housing bonds for owner-occupied housing	1,610	1,985
Exclusion of interest on State and local debt for rental housing	760	945
Capital gains (other than agriculture, timber, iron ore and coal)	42,235	44,410
Deferral of capital gains on homes sales	2,535	2,570
Exclusion of capital gains on home sales for persons age 55 and over	1,150	1,275
Carryover basis of capital gains at death	6,850	7,690
Investment credit (other than employee stock ownership plans, rehabilitation of structures, energy property, and reforestation expenditures)	32,840	35,100
Accelerated depreciation of rental housing	795	875
Accelerated depreciation of buildings other than rental housing	8,555	9,720
Accelerated depreciation of machinery and equipment	21,460	22,940
Safe harbor leasing rules	2,640	2,245
Amortization of start-up costs	350	330
Reinvestment of dividends in public utility stock	685	170
Reduced rates on the first $100,000 of corporate income	9,245	9,805
Deductions for special percentage of taxable income for life insurance companies	1,335	1,425
Total (after interactions), commerce and housing credit [1]	187,985	204,630

[1] The estimate of total tax expenditures for this function reflects interactive effects among the individual items. Therefore, the est simply be added

TRANSPORTATION

The Federal Government seeks to facilitate a safe and efficient national transportation system that contributes to the national economy, advances interstate commerce, supports the national defense, and provides for the free movement of people among States.

An integrated and efficient national, State, and local transportation network requires the combined and cooperative efforts of the Federal Government, States, localities, and the private sector. Each level of government should promote and maintain those transportation services and facilities for which it is appropriately responsible, with the Federal Government concentrating its efforts and limited resources on the interstate transportation system. The private sector, when freed of unnecessary governmental restrictions and allowed to compete freely in the transportation market, is an invaluable partner with all levels of government in the effort to ensure appropriate levels of transportation services at the lowest reasonable cost.

The administration requests $22.6 billion of budget authority in 1987 for national ground, air, and water transportation systems, about $5 billion less than provided in 1986. Funding for programs supported by the highway trust fund in 1987 is planned at the level of anticipated user fee receipts. This reduces 1987 budget authority for these programs about $2 billion below 1986. Budget authority for air, railroad, mass transit, water, and other transportation programs in 1987 would be reduced about $3 billion below the 1986 level.

The administration continues to stress the importance of transportation users paying the full cost of the transportation benefits they receive. For example, the budget proposes increased user fees for many services currently provided free of charge by the Coast Guard to commercial and recreational boaters. Subsidizing certain transportation services at the expense of all taxpayers results in a misallocation of society's resources by penalizing unsubsidized, but socially and economically useful, transportation services.

Ground transportation.—Proposed budget authority is $14.4 billion for highway, highway safety, mass transit, and railroad programs in 1987. The administration is committed to maintaining the quality of the Federal-aid highway system within available user fee resources, promoting highway safety, eliminating subsidies for Amtrak, and providing States and localities with flexible block grant funds for local transportation projects.

Highways.—The Surface Transportation Assistance Act of 1982 (STAA) expires at the end of 1986. The administration's 4-year

NATIONAL NEED: EFFICIENT TRANSPORTATION SYSTEMS

(Functional code 400, in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Ground transportation:					
Highways (including block grant proposal)	14,964	14,717	12,769	12,769	12,769
Highway safety	315	259	230	234	237
Mass transit (including block grant proposal)	4,178	3,318	1,272	1,272	1,272
Railroads	809	623	57	62	59
Regulation:					
Existing law	51	46	48	46	46
Proposed legislation	....	....	−28	−39	−39
Subtotal, Ground transportation	20,318	18,963	14,350	14,345	14,345
Air transportation:					
Airports and airways (FAA)	5,317	4,727	4,754	4,642	4,650
Aeronautical research and technology	648	606	706	708	715
Regulation	5	....	....	....	....
Air carrier subsidies	41	27	....	....	....
Subtotal, Air transportation	6,011	5,360	5,460	5,350	5,365
Water transportation:					
Marine safety and transportation:					
Existing law	2,534	2,231	2,386	2,660	2,741
Proposed legislation	....	....	5	1	1
Proposed Coast Guard fees	....	....	−238	−476	−476
Ocean shipping	559	872	465	380	385
Regulation	12	11	12	12	12
Subtotal, Water transportation	3,105	3,115	2,630	2,578	2,663
Other transportation	126	119	126	125	127
Total, budget authority	**29,559**	**27,556**	**22,565**	**22,398**	**22,499**

(1987-1990) reauthorization legislation will propose that budget authority and planned obligations supported by the highway trust fund be limited to anticipated highway user fee receipts from the public. Proposed 1987 budget authority is $1.9 billion lower than the 1986 level. To maximize the funding available for highway programs, the administration's reauthorization legislation will propose repeal of existing gas tax exemptions, which inequitably benefit public and private bus operations and users of gasohol and other special fuels. Closing these tax loopholes will increase highway trust fund receipts by $623 million in 1987.

Several policy changes are reflected in the reauthorization legislation proposal and the 1987 estimate. Specifically, funding for the narrow, categorical interstate construction, interstate rehabilitation and primary highway programs would be replaced by a combined interstate/primary program totalling $7.8 billion. States would have the discretion to use these funds for either construction

NATIONAL NEED: EFFICIENT TRANSPORTATION SYSTEMS

(Functional code 400, in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
Ground transportation:					
Highways (including block grant proposal)	12,832	13,843	13,346	12,649	12,680
Highway safety	250	279	262	263	257
Mass transit (including block grant proposal)	3,427	3,537	3,367	3,206	2,430
Railroads	1,047	906	255	102	58
Regulation:					
Existing law	50	49	49	47	46
Proposed legislation			−27	−39	−39
Subtotal, Ground transportation	17,606	18,615	17,251	16,228	15,432
Air transportation:					
Airports and airways (FAA)	4,215	4,307	4,530	4,452	4,441
Aeronautical research and technology	643	609	652	693	710
Regulation	4				
Air carrier subsidies	34	38	2		
Subtotal, Air transportation	4,895	4,954	5,184	5,145	5,151
Water transportation:					
Marine safety and transportation:					
Existing law	2,513	2,476	2,643	2,689	2,742
Proposed legislation			5	1	1
Proposed Coast Guard fees			−238	−476	−476
Ocean shipping	677	910	484	384	387
Regulation	12	11	12	12	12
Subtotal, Water transportation	3,201	3,397	2,905	2,610	2,666
Other transportation	137	140	163	131	126
Total, outlays	**25,838**	**27,106**	**25,503**	**24,115**	**23,375**

or repair of the 43,000 mile interstate system or for the 257,000 mile primary system. The primary system consists of connected main roads important to interstate and regional travel.

In contrast, rural and urban roads are primarily the responsibility of State and local governments, which must decide their own priorities and expenditures for construction, maintenance and rehabilitation. To help States meet these needs, the administration proposes to consolidate into a block grant the existing trust fund resources for urban and secondary highway systems, including bridges, and for transit projects. States would have the discretion to use the funds on any public road or transit project without Federal project approval.

Highway safety.—Proposed budget authority of $230 million for Federal highway safety programs in 1987 is about the same as the 1986 level. The 1987 funds would maintain current support for Federal vehicle safety research and development and for promulgation and enforcement of Federal safety standards. The reduced level proposed for grants to States to supplement their own highway safety programs reflects the expiration of the special grants for computerized State traffic recordkeeping systems. However, grants to assist State motor carrier inspection programs would increase to $50 million in 1987, funded as a set-aside from Federal-aid highway funds.

The administration continues to support State and local efforts to develop awareness of the benefits of protecting the occupants of motor vehicles. In 1987, $6 million in Federal funds would be used to encourage the use of seat belts or passive restraints in vehicles.

Mass transit.—For 1987, the administration seeks three fundamental changes in the subsidies provided for mass transit: first, except for $52 million required for a previous Federal commitment, no general fund appropriation would be sought for mass transit activities. Second, funding from the mass transit account of the highway trust fund would be limited to the level of receipts provided by one cent of the gasoline tax. Third, these subsidies, along with certain highway resources, would be distributed by formula block grant to States and large urban areas for use on local highway and/or transit projects

The changes in Federal subsidies for local transportation reflect the administration's view that support of essentially local activities is not an appropriate Federal role. In addition, since State and local transportation systems are comprised of interrelated highway and transit facilities, States and localities should be given flexibility in determining whether their Federal transportation assistance can best be used for highway or transit projects.

In 1987, $1.2 billion would be provided from user fee receipts. The majority, about $1.1 billion, would be distributed by existing formulae to States, with a requirement that they pass through certain amounts to large urban areas. This $1.1 billion would be combined with $2.2 billion of highway funds to form an aggregate pool of $3.3 billion for the proposed transportation block grant. States and large urban areas could then use their block grant funds on local highway or public transportation capital projects, at their discretion, provided that they make matching contributions of at least 25%. In addition, only small urban and rural areas could use transportation block grant funds for transit operating subsidies, provided that a 50% match were made. The remaining funds, about $100 million, would be used for program administration, research (including a continued emphasis on promoting private sector mass transit intiatives), planning, and special assistance for the elderly and handicapped.

The administration is also proposing an immediate end to discretionary subsidies for building new or expanding current transit systems. These subsidies have promoted the construction of local transit systems, which often have been unnecessary, too costly, and underutilized. Consistent with this policy, construction grants for the Washington, D.C. metro system would be discontinued. The administration believes that it would be inequitable for the Federal Government to continue discretionary construction assistance for the Washington metro system when discretionary assistance is being discontinued for all other transit construction projects. Like other transit construction projects that currently receive discretionary support, Washington, D.C. could use the new transportation block grant funds for system construction. As for other mass transit programs, the administration is proposing that the interstate transfer grants-transit program be made eligible for Federal-aid highway funding instead of a separate appropriation. In addition, $52 million is provided to cover the Federal interest payment on Washington, D.C. metro construction bonds.

Railroads.—In keeping with the administration's policy of reducing Federal responsibility for rail activities unrelated to safety, proposed budget authority for railroads in 1987 is reduced to $57 million, $566 million less than in 1986. The decrease is attributable to the proposed elimination of subsidies for Amtrak and the United States Railway Association. The administration also proposes to rescind $61 million in 1986 railroad passenger and freight subsidies.

Since 1970, the Federal Government has provided Amtrak with subsidies through annual appropriations. After more than 15 years of operation, Amtrak still serves fewer intercity travelers and receives higher operating subsidies than any other mode of intercity transportation. The administration is proposing to terminate all Amtrak subsidies. Amtrak would be able to continue service only to the extent routes are economically viable or States and localities assist in maintaining this type of transportation service.

Conrail, the Government-owned freight railroad that provides service in the Northeast and Midwest, has been proposed for sale to the Norfolk-Southern Railroad. Pending legislation would authorize the sale of Conrail in 1986 for a projected $1.2 billion. These receipts are shown in the undistributed offsetting receipts section rather than in the transportation function.

Regulation.—The administration will continue its efforts to eliminate unnecessary Federal transportation regulations and to remove nonessential constraints on the competitive operation of the private transportation sector, especially the freight transportation industry. Legislation has been proposed to deregulate completely the motor carrier, freight forwarder, and water transportation industries. The administration will also propose legislation to sunset the Interstate Commerce Commission (ICC) by October 1, 1986. This legislation will include further deregulation of the bus industry and the transfer of remaining ICC rail functions to the Departments of Justice and Transportation.

Air transportation.—Budget authority of $5.5 billion is requested for air transportation in 1987, an increase of $0.1 billion from 1986. Federal spending for air transportation is for the improvement, operation, and maintenance of the national airspace system, airport grants, aeronautical research and technology, and the operation of two airports (National and Dulles) in the Washington, D.C. area.

Airports and airways.—The safe and efficient movement of air traffic nationwide is an accepted Federal responsibility and is under the direction of the Federal Aviation Administration (FAA). Budget authority of $4.8 billion is proposed for airports and airways in 1987, about the same level as 1986.

The Airport and Airway Improvement Act of 1982 increased aviation user fees for the airport and airway trust fund. The user fee receipts finance the multi-year FAA capital modernization program, airport improvement grants, and a portion of FAA operations and maintenance costs. Receipts are estimated to be $3.2 billion in 1987.

The administration proposes budget authority of nearly $1.0 billion in 1987 for the fifth year of the FAA capital modernization and research program. This level represents a realistic assessment of how quickly new funds can be spent and provides for several new initiatives in aviation facilities. The first initiative would expand the LORAN-C network, a highly reliable and accurate navigation system, by providing it with a coast-to-coast capability. The second, procurement of next generation weather radar (NEXRAD), would improve the long-range detection of severe weather (windshear and tornados) throughout the airspace system. The third initiative, procurement of terminal doppler weather radar at high risk locations, would enhance short-range detection of highly localized windshears that threaten local flight operations.

Airport improvement grants will emphasize compliance with airport safety standards, expansion, and noise reduction. The administration proposes new grant obligations of $0.7 billion in 1987. Recent studies have concluded that many of the larger airports are able to finance their capital improvements themselves.

The 1987 budget authority request for FAA operations and maintenance activities and headquarters administration of $2.8 billion will provide for 15,000 air traffic controllers and more than a hundred additional airline and aircraft inspectors. Legislation has been proposed to allow the airport and airway trust fund to finance 75% of FAA's operating costs in 1987, or about $2.0 billion. The 1987 proposal is consistent with a new study confirming that about

85% of the cost of all FAA programs are attributable to private sector users of the system. In 1986, 100% of FAA's capital costs, but only 17% of FAA's operating costs, are financed by the trust fund.

Due to penalty provisions built into the 1982 Act, actual appropriations from the trust fund for FAA's cost of operating the airport and airway system have been substantially lower than contemplated in the Act and have resulted in an overall user share of system costs well below the 85% share appropriately allocated to them. Legislation has been proposed to eliminate these penalties.

Aeronautical research and technology.—The National Aeronautics and Space Administration (NASA) conducts research in aeronautical sciences and operates unique research and testing facilities to help maintain U.S. leadership in aeronautics. In 1987, the budget reflects a strong program of fundamental research, including expanded use of advanced computers to solve complex aerodynamic problems and initiation of a new joint NASA/Department of Defense program of research and advanced technology development in hypersonic flight. The administration requests $706 million in 1987 budget authority for aeronautical research and technology, an increase of 16.5% from 1986.

Air carrier subsidies.—In conjunction with airline deregulation, the air carrier subsidy program was designed to guarantee essential air services to small communities. Consistent with the termination of the Civil Aeronautics Board on January 1, 1985, and the airline industry's adaptation to a deregulated environment, the air carrier subsidy program is proposed to end in 1986.

Water transportation.—To meet its Federal responsibility in water transportation, the administration requests $2.6 billion in budget authority for 1987, a reduction of $0.5 billion from the 1986 level.

Marine safety and transportation.—Coast Guard services include search and rescue, maintenance of navigation aids, enforcement of maritime laws, and other activities.

The administration's request of $2.4 billion in 1987 budget authority for the Coast Guard represents a continuation of the 1986 program. The majority of these funds will be used for Coast Guard operations, including search and rescue and law enforcement activities. In addition, the budget includes a proposal to collect user fees for both direct and indirect services provided by the Coast Guard to commercial operators and recreational boaters. The offsetting receipts from these user fees would recover an estimated $238 million in 1987 and $476 million annually thereafter.

In 1987, drug law enforcement will continue to receive major emphasis with 15% of the total Coast Guard budget in support of efforts to interdict maritime drug smuggling. Along with 1986 funding appropriated to the Navy for coastal defense augmentation, which is shown in the defense function, the Coast Guard will continue its program to modernize its fleet of medium and high endurance cutters, resulting in expanded law enforcement and defense preparedness capabilities and extension of the usable lives of the ships. The Coast Guard's air search and rescue operations will be enhanced by the delivery of 36 new short-range recovery helicopters during 1987.

Ocean shipping.—Programs in ocean shipping are administered by the Department of Transportation's Maritime Administration, the Panama Canal Commission, and the Federal Maritime Commission. Proposed budget authority for ocean shipping in 1987 is $465 million, a decrease of $407 million from 1986.

The Maritime Administration has traditionally provided subsidies to assist the U.S. merchant marine and shipbuilding industries in competing with foreign maritime industries.

In 1987, the administration would continue to provide operating subsidies to offset the higher costs of operating U.S.-flag vessels. The 1987 cost to meet the Federal Government's obligations on existing operating subsidy contracts is estimated to be $320 million in budget authority; no new contracts are anticipated. The administration will continue to pursue previously proposed legislative reforms that would permit subsidized U.S-flag operators to build or acquire vessels in foreign countries and allow these vessels to be eligible immediately to carry preference cargo.

The 1987 budget includes several new initiatives to reduce unwarranted maritime subsidies. First, the administration proposes to eliminate all Federal aid to the six State maritime schools, with the single exception of honoring previously committed student incentive payments. Given projections for a continued oversupply of licensed merchant marine officers through the early 1990's, Federal subsidies for the State maritime schools cannot be justified.

Second, the budget proposes 1987 as the final year of funding for maritime research and development activities, which the administration views as a private sector, not Federal, responsibility. In that regard, 1987 activities would emphasize movement toward greater private sector initiative in maritime research and development and efforts to "privatize" the computer aided operations research facility.

Third, the administration will seek immediate repeal of the expanded cargo preference requirement recently enacted as part of the Food Security Act of 1985. This provision increases from 50% to 75% the amount of specified concessional food programs that

CREDIT PROGRAMS—TRANSPORTATION

(In millions of dollars)

	actual 1985	Estimate			
		1986	1987	1988	1989
Direct loans:					
Highway and mass transit programs:					
New obligations	77	48	51	50	50
Change in outstandings	−20	−2	1	−38	−19
Outstandings	191	189	190	152	133
Aid to railroads:					
New obligations	17	....	....	....	....
Change in outstandings	11	−833	13	6	*
Outstandings	1,496	663	676	682	683
Aid to railroads (loans made by FFB)[1]:					
New obligations	2	4	....	....	....
Change in outstandings	−6	−93	−3	−5	−9
Outstandings	154	61	57	52	43
Aircraft purchase guarantee defaults:					
New obligations	13	....	....	....	....
Change in outstandings	−20	−8	−6	−5	−5
Outstandings	69	61	55	50	45
Assistance to ocean shipping:					
New obligations	336	522	117	37	15
Change in outstandings	327	512	107	27	5
Outstandings	597	1,109	1,216	1,243	1,248
Other transportation:					
Outstandings	11	11	11	11	11
Total, direct loans:					
New obligations	446	574	168	87	65
Change in outstandings	291	−423	112	−16	−28
Outstandings	2,517	2,094	2,206	2,190	2,162
Guaranteed loans:					
Highway and mass transit programs:					
Outstandings	997	997	997	997	997
Aircraft purchase:					
Change in outstandings	−87	−50	−46	−38	−33
Outstandings	407	357	311	273	239
Assistance to ocean shipping:					
New commitments	38	67	....	....	....
Change in outstandings	−602	−810	−473	−380	−410
Outstandings	6,444	5,634	5,161	4,781	4,371
Other transportation:					
Change in outstandings	−3	−9	−3	....	....
Outstandings	12	3	....	....	....
Total, guaranteed loans:					
New commitments	38	67	....	....	....
Change in outstandings	−691	−869	−522	−418	−443
Outstandings	7,860	6,991	6,468	6,050	5,607
Total, new obligations and new commitments	**483**	**641**	**168**	**87**	**65**

*$500,000 or less.

[1] Loans guaranteed by the agency and disbursed by FFB. They are counted as direct loans in the credit budget.

must be shipped on U.S.-flag vessels. The administration has consistently opposed expansion of cargo preference requirements as an unjustified additional subsidy to the maritime industry.

Credit programs.—The Department of Transportation provides direct loans and guaranteed loans for water and ground transportation projects. The largest loan and guarantee program is part of the Maritime Administration. It guarantees construction mortgage loans to build U.S.-flag vessels in the United States and makes direct loans in the form of advances to operators to avoid defaults on federally guaranteed loans. The administration is proposing no new loan guarantee commitments after 1986. The maritime industry should be encouraged to rely on the private credit market, without Federal intervention, as the source of capital. The administration will no longer provide loans to private freight railroad companies in 1986 and thereafter, in light of the health of the railroad industry.

Tax expenditures.—In addition to direct Federal funding, tax expenditures provide assistance to shipping concerns and mass transit systems. Certain companies that operate U.S.-flag vessels are able to defer taxes indefinitely on income invested in construction, repair and modernization of ships; this results in a tax expenditure of $115 million in 1987. State and local governments could issue until December 31, 1984, new tax-exempt bonds for mass transit vehicles, which results in a tax expenditure estimated to be $20 million in 1987. Total tax expenditures for transportation are $135 million in 1987.

COMMUNITY AND REGIONAL DEVELOPMENT

The Nation requires healthy and thriving communities to maintain the economic vitality and general well-being of society. Federal programs for community and regional development supplement State and local government efforts to sustain economic and social growth in urban and rural neighborhoods, communities, and regions. Specific programs assist particular regions, provide disaster relief, and support Indian projects. Most of this assistance takes the form of grants, but direct and guaranteed loan programs exist as well.

In 1987, the administration will continue its effort to concentrate Federal resources on national priorities and provide maximum opportunity for State and local governments to meet their own local community and economic development needs. The devolution of responsibility to the State and local level brings closer to the people the decision on whether or not to pay to support development programs. To achieve this, the administration proposes to eliminate a number of Federal categorical programs currently providing support for specific local community and economic projects. The comprehensive and more flexible community development block grants (CDBG) program will be the principal vehicle for Federal support.

The administration is requesting budget authority of $3.8 billion in 1987 for community and regional development, which represents a reduction of 45% from the 1986 level. Outlays are estimated to total $6.5 billion in 1987, a reduction of 18% from 1986.

Community development.—The principal Federal program in this category is the community development block grant program, which is administered by the Department of Housing and Urban Development (HUD).

Community development block grants (CDBG).—The community development block grant program provides Federal support for cities, counties, Indian tribes, and U.S. territories, to help them meet their community and economic development needs. After certain funds are set aside for the Secretary's discretionary fund, which provides grants for Indians, insular areas, and technical assistance in support of CDBG activities, CDBG funds are allocated by formula to States, large cities, and urban counties. Seventy percent of these remaining funds go to the large city/urban county program and 30% to the State-administered small cities program. The States receive funds that State policymakers distribute to smaller communities and rural areas.

In 1987, the administration proposes to change the statutory distribution between the large city/urban county program and the

NATIONAL NEED: COMMUNITY AND REGIONAL DEVELOPMENT

(Functional code 450, in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Community development:					
Community development block grants	3,472	2,990	2,125	2,740	2,850
Urban development action grants	440	109			
Rental rehabilitation					
Rental development					
Other	350	376	338	269	250
Subtotal, Community development	4,262	3,476	2,462	3,009	3,100
Area and regional development:					
Rural development	2,331	1,712	1,180	1,523	1,135
Economic development assistance	259	139			
Indian programs	1,122	1,108	1,101	1,104	1,106
Regional commissions	155	39	1		
Tennessee Valley Authority	125	100	58	60	62
Offsetting receipts	−328	−300	−313	−313	−314
Subtotal, Area and regional development	3,664	2,798	2,027	2,374	1,988
Disaster relief and insurance:					
Small business disaster loans:					
Existing law			−403	−369	−356
Proposed legislation			−483	−287	−129
Disaster relief	100	346	100	175	175
National flood insurance fund		79	5		
Other	139	123	65	66	68
Subtotal, Disaster relief and insurance	239	548	−715	−414	−241
Total, budget authority	**8,166**	**6,823**	**3,775**	**4,969**	**4,846**

States program from 70%-30% to 65%-35%. The administration proposes this change to increase the resources with which States may serve rural areas currently served by the Farmers Home Administration. Since the advent of the State CDBG program in 1981, rural areas have received more CDBG funding than under the small cities program previously administered by HUD. The proposed distribution formula would provide $128 million more in 1987 to the State-administered program than would the current formula. The administration also proposes to defer $500 million of 1986 budget authority to 1987. Including this $500 million with the proposed $2.1 billion in 1987 budget authority, the CDBG program will have $2.6 billion available in 1987. As part of this initiative, the administration will propose to reform the process through which CDBG grants are distributed to mitigate the effect of these reductions on communities with the greatest need.

Urban development action grants (UDAG).—The administration proposes to terminate the UDAG program and rescind $220 million of budgetary resources in 1986 as part of the Governmentwide effort to cut back categorical local economic development subsidy

NATIONAL NEED: COMMUNITY AND REGIONAL DEVELOPMENT

(Functional code 450; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
Community development:					
Community development block grants	3,817	3,575	3,099	2,629	2,664
Urban development action grants	497	488	413	331	214
Rental rehabilitation	14	140	135	10	....
Rental development	1	103	105	104	....
Other	269	296	166	64	35
Subtotal, Community development	4,598	4,602	3,918	3,138	2,912
Area and regional development:					
Rural development	1,688	1,661	1,527	1,572	1,322
Economic development assistance	351	225	174	120	63
Indian programs	1,054	1,074	1,149	1,154	1,161
Regional commissions	218	161	128	88	51
Tennessee Valley Authority	140	139	108	108	68
Other	−5	−6	−6	....	....
Offsetting receipts	−328	−300	−313	−313	−314
Subtotal, Area and regional development	3,117	2,956	2,768	2,729	2,351
Disaster relief and insurance:					
Small business disaster loans:					
Existing law	−273	−158	−585	−633	−448
Proposed legislation	....	....	121	−23	−37
Disaster relief	192	322	249	225	175
National flood insurance fund	−119	51	−38	−51	−55
Other	166	149	92	67	68
Subtotal, Disaster relief and insurance	−35	364	−161	−415	−296
Total, outlays	**7,680**	**7,922**	**6,525**	**5,452**	**4,968**

programs that distort economic investment choices and impose Federal priorities on State and local governments. These subsidies assist local governments in their efforts to compete with other areas to attract private investment. Federal programs like UDAG distort economic decision-making, thereby inducing firms and individuals to use scarce economic resources less productively. Cities may, at their discretion, continue to use remaining CDBG resources to assist economic development projects. The $413 million in outlays estimated for this program in 1987 reflects the continued spendout of funds for projects approved in prior years. In addition, once tax reform legislation has been enacted, the administration is planning to repropose an enterprise zone program that would provide tax incentives for redevelopment of economically distressed areas.

Rental rehabilitation grants.—In 1983, the administration proposed, and the Congress enacted, a new housing rehabilitation program to support the voucher program in communities with an insufficient supply of standard quality low- and moderate-income rental housing. A total of $300 million in budget authority was made available for this program, enough to allow the Federal Government to subsidize up to half the costs of rehabilitating an estimated 69,000 rental housing units by the end of 1986. In 1987, outlays for this program are estimated to be $135 million. The administration is proposing to rescind $75 million of 1986 budget authority and terminate this program because rental housing rehabilitation can be supported more effectively by the CDBG program as well as various State and local government efforts.

Rental development grants.—In the Housing Urban-Rural Recovery Act of 1983, the Congress created a new rental development grant program to subsidize the construction or substantial rehabilitation of rental housing in low- and moderate-income neighborhoods experiencing a severe shortage of rental housing. This program was funded on a one-time demonstration basis for 2 years, with a total of $315 million in budget authority made available. The administration proposes to discontinue this program and rescind $75 million of 1986 budget authority because new housing construction is a very expensive way to provide housing assistance. Most importantly, this program is not well targeted for low-income people—those most in need of housing assistance. Outlays for rental development grants awarded from 1984-1986 are expected to reach $105 million in 1987 and then decline thereafter.

Area and regional development.—Programs in this category support rural development, development programs of American Indian tribal governments, and multi-State regional development.

Rural development.—The administration proposes to terminate the Farmers Home Administration (FmHA) rural development loan and grant programs in favor of HUD's State-administered CDBG program. Eliminating this unnecessary program will save $36 million in 1987. The FmHA program serves the same population and provides funding for the same purposes as the CDBG program. As described above, the administration is proposing to change the CDBG distribution formula to provide more resources to smaller communities through the State program. Estimated outlays for rural development are $1.7 billion in 1986.

Economic development assistance.—The Department of Commerce's Economic Development Administration (EDA) provides public works grants to States and communities, and loan guarantees to businesses. Similar funds are available for locally derived community development programs through the community development block grant program. In light of the stronger fiscal health of State and local governments relative to the Federal Government, the administration is proposing to terminate EDA activities beginning in 1986. Thus, no new budget authority is requested for 1987.

Closeout costs to cover on-going administrative expenses associated with the expenditure of obligations made in earlier years will be financed from 1986 appropriations. In addition, the administration proposes to rescind any unobligated EDA funds other than those required for close-out costs. Outlays in 1987 are for projects approved in previous years.

Indian programs.—The three major objectives of Federal Indian policy are to meet the trusteeship responsibilities of the Federal Government, to increase self-determination for American Indian tribal governments, and to encourage economic development on Indian reservations.

Outlays for regional development from the Indian programs and miscellaneous trust funds administered by the Bureau of Indian Affairs are estimated to be $1.1 billion in 1986 and 1987. The Department of Housing and Urban Development also provides community development support specifically for Indians through a set-aside in the community development block grant program described above. Total Federal outlays for special Indian programs Governmentwide, including programs in other functions such as income security and education, are expected to be $2.8 billion in 1987. This amount does not include payments received by Indians from the miscellaneous trust funds or from programs available to all qualified U.S. citizens.

Appalachian Regional Commission (ARC).—The ARC was established in 1965 to provide economic development assistance to the 13-State Appalachian region. Since 1965 more than $5 billion in Federal funds has supported highway construction and financed community development-related facilities. Given the economic development that has occurred in the region following the economic decline experienced in the 1960's, and the magnitude of Federal funding received to date, the administration maintains that ARC's regionally-targeted funding has outlived its purpose and cannot be justified. Thus, the administration proposes termination of ARC in 1987. In addition, a rescission of $81 million is proposed for 1986.

Tennessee Valley Authority (TVA).—The administration proposes the termination of direct support for TVA's regional economic, community, and agricultural development programs, which are more appropriately private or State and local government responsibilities. These programs have included activities such as promotion of tourism, forestry and wildlife, and park operations. To the extent that Federal assistance might be warranted, it can be allocated more equitably by programs administered nationally by other Federal agencies. TVA's basic responsibilities for water resources systems management and the national fertilizer research program would continue. Outlays for TVA's activities in this function are estimated to be $108 million in 1987, down from $139 million in 1986. The TVA power program, financed through the sale of electricity, would not be affected by this reduction and is discussed in the energy function.

Disaster relief and insurance.—Providing insurance against losses from floods, hurricanes, tornadoes, and other natural disasters is primarily the responsibility of private insurers. State and local governments aid recovery when necessary, and Federal insurance and disaster relief programs are available to supplement State and local resources when those resources are insufficient.

Small business disaster loans.—The Small Business Administration (SBA) provides loans to homeowners and businesses that suffer losses as a result of disasters. The administration proposes to eliminate the SBA disaster loan program because private insurance and Federal flood insurance is available to cover losses, and because the Federal Government should not provide assistance for losses resulting from normal business risks. Upon termination of the program in 1987, the existing portfolio of SBA disaster loans would be transferred to the Department of the Treasury, which would service, and subsequently sell, the loans. Loan repayments and sales receipts for this program are estimated to exceed outlays from prior commitments and other expenses by $585 million in 1987.

Disaster relief.—The Federal Emergency Management Agency administers this nationwide program, which provides supplemental assistance to individuals and State and local governments in the event of a Presidentially-declared emergency or disaster. In addition, States or Federal agencies may be reimbursed for disaster relief work performed under this authority. The recent spate of disasters, including the severe flooding in West Virginia and Virginia, have depleted the reserves in the disaster relief fund. Accordingly, a supplemental request of $250 million in budget authority is being requested in 1986 to replenish the fund in order to respond to current and future disasters without delay.

Currently, most costs of disaster relief are shared by the Federal Government (75%) and by State and local governments (25%). In 1987, the administration proposes to revise the cost sharing formula to create a greater sharing of costs by State and local governments. A sliding scale will be developed to assure appropriate Federal support for exceptionally severe disasters. Outlays are estimated at $249 million in 1987.

National flood insurance fund.—The Federal Emergency Management Agency operates a national program of direct Federal flood insurance at subsidized rates. Since the program began in

CREDIT PROGRAMS—COMMUNITY AND REGIONAL DEVELOPMENT

(In millions of dollars)

	Actual 1985	Estimate 1986	Estimate 1987	Estimate 1988	Estimate 1989
Direct loans:					
Rural development (FmHA):					
New obligations	455	421	....	....	....
Change in outstandings	-41	-5	141	-83	-6
Outstandings	102	98	239	156	150
Rural development (FFB loan assets)[1]:					
Change in outstandings	415	313	....	362	....
Outstandings	7,643	7,956	7,956	8,318	8,318
Economic development assistance:					
New obligations	93	21	16	14	11
Change in outstandings	7	-49	-38	-16	-13
Outstandings	631	582	544	528	514
Small business disaster loans:					
New obligations	320	342	259	....	....
Change in outstandings	-403	-286	-1,462	-1,495	-1,286
Outstandings	4,557	4,270	2,808	1,314	28
Rural telephone bank:					
New obligations	168	177	139	93	46
Change in outstandings	55	71	-31	-33	-35
Outstandings	1,383	1,454	1,423	1,390	1,355
Other:					
New obligations	94	31	20	21	22
Change in outstandings	-29	-15	-88	-94	-95
Outstandings	1,423	1,408	1,319	1,226	1,130
Other (loans made by FFB)[2]:					
New obligations	133	50	....	....	....
Change in outstandings	81	45	-2	-55	-78
Outstandings	323	368	366	311	233
Total, direct loans:					
New obligations	1,263	1,041	434	128	78
Change in outstandings	86	74	-1,480	-1,413	-1,513
Outstandings	16,061	16,135	14,656	13,242	11,729
Guaranteed loans:					
Rural development (FmHA):					
New commitments	61	96	....	....	....
Change in outstandings	-294	-223	-156	-395	-244
Outstandings	2,912	2,689	2,533	2,138	1,893
Economic development assistance:					
New commitments	15	30	....	....	....
Change in outstandings	-172	-25	-40	-25	-22
Outstandings	235	210	170	145	123
Small business disaster loans:					
Change in outstandings	*	*	*	*	*
Outstandings	4	3	3	3	2
Other:					
New commitments	42	60	30	25	20
Change in outstandings	24	50	11	-4	-9
Outstandings	196	247	258	254	245
Total, guaranteed loans:					
New commitments	118	186	30	25	20
Change in outstandings	-442	-198	-186	-425	-275
Outstandings	3,347	3,149	2,964	2,539	2,263
Total, new obligations and new commitments	**1,381**	**1,227**	**464**	**152**	**98**

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*$500 thousand or less.

[1] Loans made by the agency and subsequently sold to FFB. The agency guarantees and repurchases the loans when they mature.

[2] Loans guaranteed by the agency and disbursed by FFB. They are counted as direct loans in the credit budget.

1968, losses have amounted to $1.4 billion. The administration proposes to eliminate this costly subsidy by 1987 through a combination of rate increases, coverage changes, and optional deductibles thereby recovering clearly allocable costs of flood insurance from beneficiaries of this program. Beginning in 1987, administrative and other associated costs of flood insurance will be folded into the flood insurance fund and will be recovered through flood insurance premiums. Receipts for this program are estimated to exceed outlays by $38 million in 1987.

Tax expenditures.—Direct Federal funding for community and regional development is supplemented by several existing tax expenditures. Under certain conditions, taxpayers may elect to amortize rehabilitation expenditures for low- and moderate-income rental housing over a 5-year period. The 1987 tax expenditure for this provision is $80 million. Development is also assisted by the exclusion of interest on State and local industrial development bonds for airports and docks, as well as sports and convention facilities. The estimate for this provision is $695 million in 1987 Special tax credits are also available for rehabilitation of older nonresidential buildings. For 1987, the estimated tax expenditure for this program is $410 million. Total tax expenditures for community and regional development for 1987 are estimated to be $1. billion.

EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

Federal programs for education, training, employment, and social services are intended to: (1) assist parents, States, and localities in providing education, especially for educationally disadvantaged, low-income, and handicapped persons; (2) assist economically disadvantaged or dislocated workers in gaining job skills and finding permanent, unsubsidized employment opportunities; (3) help employers and employees maintain stable and productive relations; and (4) help provide social services for needy children, families, the elderly, and other persons. Historically, the responsibility for meeting most of these needs has rested with State and local governments and the private sector. Total outlays for this function are estimated to be $27.4 billion for 1987.

EDUCATION

The administration's policies for education emphasize strong national leadership and dedication to the pursuit of excellence at all levels of education for all children; maintenance of major grant programs that help States and localities provide additional services for the disadvantaged and handicapped; and improved targeting of postsecondary student aid.

Budget authority requested in 1987 for education programs is $1.4 billion below the 1986 level. The 1986 level includes proposed rescissions of $1.1 billion in budget authority.

Elementary, secondary and vocational education.—The budget requests $7.2 billion in budget authority, $0.1 billion below the 1986 level.

Block grant and special programs.—This category includes the State education block grant and Secretary's discretionary fund authorized under Chapter 2 of the Education Consolidation and Improvement Act, grants to States and localities for teacher training and desegregation activities, and numerous small categorical programs. The 1987 budget authority request for the block grant is at the 1986 (pre-sequestration) level of $500 million. The block grant provides States and localities resources for educational improvements they deem appropriate, including activities currently financed by federally directed categorical programs for which no funding is requested in 1987.

To help States improve general teacher quality, $75 million is proposed under new legislative authority, an increase of $32 million over 1986 funding for the current, more limited math, science and foreign language teacher program.

NATIONAL NEED: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

(Functional code 500; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Education:					
Elementary, secondary, and vocational education:					
Block grant and special programs:					
Existing law	758	637	604	604	604
Proposed legislation			75	75	75
Compensatory education	3,696	3,530	3,688	3,688	3,688
Education for the handicapped	1,321	1,306	1,303	1,290	1,290
Impact aid	695	663	548	548	548
Vocational and adult education	940	697	512	512	512
Other:					
Existing law	552	499	436	436	436
Proposed legislation			76	75	75
Subtotal, Elementary, secondary, and vocational education	7,963	7,331	7,242	7,229	7,229
Higher education:					
Student financial assistance:					
Existing law	5,160	4,221	25	26	27
Proposed legislation			3,788	3,775	3,536
Guaranteed student loan program:					
Existing law	3,800	3,331	3,445	3,322	3,173
Proposed legislation			−1,115	−1,305	−1,060
Other:					
Existing law	803	531	318	295	289
Proposed legislation			286	286	290
Subtotal, Higher education	9,763	8,083	6,746	6,399	6,255
Research and general education aids	1,223	1,123	1,118	1,085	1,065
Subtotal, Education	18,949	16,536	15,106	14,713	14,549
Training, employment, and other labor services:					
Training and employment:					
Block grants to States	1,886	1,782	1,820	1,820	1,820
Summer youth employment	825	428	428	428	428
Assistance to dislocated workers	248	195	100	100	100
Job Corps	617	416	352	357	370
Older Americans employment	326	312	326	326	326
Work incentive program	267	165			
Other training programs	266	240	273	273	274
Federal-State employment service	987	950	951	971	993
Subtotal, Training and employment	5,422	4,487	4,250	4,275	4,311
Other labor services	716	680	715	728	744
Subtotal, Training, employment, and other labor services	6,138	5,167	4,964	5,002	5,055
Social services:					
Social services block grant	2,725	2,584	2,700	2,700	2,700
Community service programs	372	172	4		
Rehabilitation services	1,234	1,234	1,225	1,225	1,216
Family social services	770	855	818	856	897
Services for children, the elderly, and other special groups:					
Existing law	2,007	1,904	1,948	1,948	1,948
Proposed legislation			30	30	30
Domestic volunteer programs	150	145	150	152	155
Other social services	25	20	20	20	20
Subtotal, Social services	7,285	6,914	6,895	6,932	6,967
Total, budget authority	**32,372**	**28,617**	**26,965**	**26,648**	**26,571**

NATIONAL NEED: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

(Functional code 500; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
Education:					
Elementary, secondary, and vocational education:					
Block grant and special programs:					
Existing law	526	660	612	603	604
Proposed legislation	....	....	8	60	74
Compensatory education	4,207	2,951	3,536	3,713	3,687
Education for the handicapped	1,018	1,509	1,261	1,339	1,292
Impact aid	647	710	611	566	552
Vocational and adult education	658	988	820	604	523
Other:					
Existing law	576	533	479	439	436
Proposed legislation	....	....	33	72	75
Subtotal, Elementary, secondary, and vocational education	7,633	7,350	7,361	7,397	7,242
Higher education:					
Student financial assistance:					
Existing law	4,163	4,990	3,168	559	174
Proposed legislation	....	....	1,096	2,969	3,350
Guaranteed student loan program:					
Existing law	3,535	3,281	3,401	3,350	3,203
Proposed legislation	....	−49	−855	−1,255	−1,109
Other:					
Existing law	513	733	−81	−41	215
Proposed legislation	....	....	62	203	309
Subtotal, Higher education	8,211	8,955	6,792	5,784	6,141
Research and general education aids	1,121	1,245	1,219	1,136	1,070
Subtotal, Education	16,964	17,550	15,371	14,318	14,453
Training, employment, and other labor services:					
Training and employment:					
Block grants to States	1,710	1,883	1,806	1,823	1,826
Summer youth employment	776	775	496	503	428
Assistance to dislocated workers	162	200	230	142	110
Job Corps	593	614	398	353	357
Older Americans employment	320	323	315	326	326
Work incentive program	279	180	25	5	....
Other training programs	213	262	248	248	257
Federal-State employment service	918	984	950	958	980
Subtotal, Training and employment	4,972	5,221	4,467	4,357	4,284
Other labor services	678	694	714	724	740
Subtotal, Training, employment, and other labor services	5,650	5,915	5,180	5,081	5,024
Social services:					
Social services block grant	2,743	2,604	2,693	2,700	2,700
Community service programs	375	232	62	*	....
Rehabilitation services	798	1,432	1,198	1,226	1,218
Family social services	749	828	823	842	882
Services for children, the elderly, and other special groups:					
Existing law	1,910	1,922	1,944	1,947	1,948
Proposed legislation	....	....	7	28	30
Domestic volunteer programs	129	160	149	151	154
Other social services	24	28	20	20	20
Subtotal, Social services	6,728	7,206	6,896	6,914	6,953
Total, outlays	**29,342**	**30,671**	**27,447**	**26,312**	**26,430**

*$500 thousand or less

Funding for magnet schools in 1987 would be at the 1986 (presequestration) level of $75 million. Smaller elementary and secondary programs are proposed for termination; States can meet the goals of these programs through the block grant, the teacher training program, or with their own resources.

Compensatory education for the disadvantaged.—This activity consists primarily of grants to local educational agencies (LEAs) for supplemental compensatory services for the educationally disadvantaged, under Chapter 1 of the Education Consolidation and Improvement Act. It also includes four other Chapter 1 grant programs to States for other students with special needs and for State program administration, plus Federal grants for technical assistance and program evaluation. There are also two small, high cost, separately authorized, categorical grant programs for students from migrant families for which no funds are requested. Budget authority for Chapter 1 would be maintained at the 1986 (presequestration) level. A significant program reform is proposed for the Chapter 1 State grant for migrant children. It would concentrate available 1987 funds on children who have migrated within the last 4 years.

Legislation has been proposed to give parents of children selected for participation in the LEA grant program the option of securing education services through the use of educational vouchers. This authority would expand the educational choices available to these parents, encourage parental involvement in education, promote competition among schools to meet the needs of disadvantaged children, and facilitate school compliance with the Supreme Court's *Felton* decision prohibiting the use of public school teachers to provide Chapter 1 services on parochial school premises.

Education for the handicapped.—Major formula grants that help States and localities educate handicapped children are proposed to be funded at $1.2 billion. Smaller discretionary grants support special projects, demonstrations, research, and training.

Impact aid.—The Government compensates school districts whose enrollments and available revenues are deemed to have been adversely affected by Federal activities. The major category of aid is for districts with children who both live on and whose parents work on Federal property. No funds are proposed for the current authority to provide funds to school districts with children who *either* live on *or* whose parents work on Federal property. In general, the presence of these children imposes little or no burden on most districts.

Vocational and adult education.—A proposed rescission of $210 million would reduce budget authority for vocational education in 1986. In 1987, the budget authority for vocational education would be further reduced to $408 million. In both years, funding would be redirected so that State grants would only support programs for the disadvantaged, handicapped and other special groups. Adult education programs would receive an increase of $6 million over the 1986 level, reflecting the high priority given to reducing adult illiteracy.

Other elementary and secondary education.—The budget provides funding for bilingual education at the 1986 (pre-sequestration) level of $143 million, reflecting the administration's commitment to helping States and school districts meet the special educational needs of children with limited English proficiency. For Indian education, the administration is proposing to eliminate duplication between the Bureau of Indian Affairs (BIA) and the Education Department programs, while providing funding at about the 1986 (pre-sequestration) level. Proposed legislation would increase the role of State educational agencies in the administration of programs for Indian children in public schools. This category also includes funding of two schools for deaf children, the American Printing House for the Blind, and certain administrative costs of the Education Department.

Higher education.—The budget requests $6.7 billion in budget authority for higher education in 1987.

Student aid.—Budget authority requested for postsecondary student aid for 1987 is $6.1 billion, $1.4 billion below the 1986 level.

The six current student aid programs will provide over $13.6 billion in grants, subsidized work, and direct and guaranteed loans for the 1987-88 school year. Although most of this aid goes to help needy students, some goes to those with little or no need or unnecessarily subsidizes intermediary institutions (schools, banks, loan guarantee agencies). The Federal Government cannot afford, and should not maintain, the unnecessarily high levels of spending under the current unfocused policies. The major reforms proposed by the administration would:

- Restore the traditional responsibility of the family for financing college costs by requiring higher contributions from parents and students, reducing Federal loan interest subsidies, requiring all borrowers to demonstrate financial need and restricting Federal grant aid to a fair share of costs.
- Eliminate unnecessary subsidies by reducing bank profit, recalling interest-free loans (advances) to guarantee agencies and ending administrative cost subsidies to schools.

- Reduce program error and abuse by: using a single, simpler need analysis system; restricting aid eligibility to high school graduates (or equivalent); tightening the definition of an independent student; and increasing risk-sharing on loan defaults with banks and guarantee agencies.
- Simplify program structure by eliminating State student incentive grants and consolidating work-study and supplemental grant authorities.

In order to operate the 1986-87 school year Pell grant program within the level of funds appropriated, the Secretary will, on April 15, 1986, implement the "linear reduction" in award amounts provided for in the Higher Education Act. The total reduction required is $369 million: $215 million as a result of initial underfunding in the appropriation; $154 million as a result of the sequestration of budget authority pursuant to P.L. 99-177. Under a linear reduction, awards to the most needy students are reduced only slightly, if at all; about 290,000 of the least needy will no longer be eligible for grants. In 1987, $250 million is requested and an additional $240 million is included in the estimate for 1988 to eliminate the cumulative unfunded Pell grant program shortfall from years prior to 1986.

The budget reflects proposed legislation to authorize a flexible new approach to providing student aid: an unsubsidized loan program with repayments made contingent on post-school annual earnings. The rate at which borrowers repay would thus take into account their ability to repay. This authority would replace the present national direct student loan (NDSL) program, which has a heavily subsidized 5% interest rate.

Other aid to higher education.—The largest programs in this category are aid for institutional development (including historically black colleges), for which $141 million is requested, and Howard University, for which $157 million is requested. Also included is funding for institutions for the deaf, minority institution science improvement, and, at a reduced level that continues only the most important activities, projects encouraging college attendance of certain low-income students. No funding is requested for lower priority programs such as international education, cooperative education, several small scholarship and fellowship programs and facilities construction grants.

Research and general education aids.—The budget requests $1.1 billion in budget authority for these activities, which include research, statistics, and related activity in the Education Department, certain Education Department administrative expenses, the National Endowments for the Arts and the Humanities, the Smithsonian Institution, the Library of Congress, and the Corporation for Public Broadcasting. No new funds are provided for the Institute of Museum Services grants or the seven programs supporting State, local, and research library activity. These unfunded programs are not high priorities for Federal funds, and most have long since met their original objectives.

Credit programs.—The guaranteed student loan (GSL) program reinsures State and other loan agency guarantees of private loans to students and their parents. When borrowers default, the Government reimburses guarantee agencies, which in turn have reimbursed the affected private lenders. An estimated $9.3 billion in new loans will be made in 1987. The outstanding loan portfolio at the end of 1987 is estimated to be $41.5 billion. New defaults in 1987 are estimated at $1.4 billion, leading to a portfolio of defaulted loans at the end of 1987 of $4.3 billion. Debt collection efforts include reporting of defaulters to national credit bureaus and reducing Federal income tax refunds to defaulters by the amount owed the Government. New authority will also be sought to enable the Government to sell defaulted loans to private collectors, but only after all other collection efforts have failed. This authority will make it possible to realize a partial repayment of these defaults.

The Student Loan Marketing Association (Sallie Mae) will begin in 1987 to repay the $5 billion it borrowed from the Federal Financing Bank (FFB) for its operation of a secondary market for student loans and for other activities. Sallie Mae does not plan any additional borrowing from the FFB.

New loan authority for the college housing loan (CHL) program is proposed to be withdrawn for 1986 and terminated thereafter. The Department of Education will sell most of the CHL portfolio ($2.3 billion at the end of 1985) to the public beginning in 1987. The budget includes estimated receipts of $579 million from 1987 loan sale proceeds.

Tax expenditures.—A variety of exclusions, exemptions and deductions provide assistance for education. Student loans are subsidized through the exclusion of interest on State and local student loan bonds. Students receive additional benefits because scholarship and fellowship awards are not subject to tax. These two tax expenditures are estimated at $255 million and $1 billion, respectively, in 1987. The exclusion of up to $5,000 from annual taxable personal income of employer provided educational assistance was allowed to expire on December 31, 1985. Other assistance is provided through a special tax exemption available to parents of students age 19 or over and by the deductibility of charitable contributions for education. Tax expenditures for these two items are $1.4 billion

CREDIT PROGRAMS—EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES

(In millions of dollars)

	Actual 1985	Estimate			
		1986	1987	1988	1989
Direct loans:					
Guaranteed student loans:					
New obligations	1,076	1,260	1,377	1,476	1,516
Change in outstandings	738	843	356	457	330
Outstandings	3,203	4,046	4,401	4,858	5,188
Student financial assistance:					
New obligations	199	1	190	240	290
Change in outstandings	159	111	–47	81	170
Outstandings	5,133	5,244	5,197	5,277	5,447
College housing and other:					
New obligations	40				
Change in outstandings	–404	–62	–1,154	–1,108	–129
Outstandings	2,733	2,671	1,517	408	280
SLMA obligations (loans made by FFB)[1]:					
Change in outstandings			–30	–30	–30
Outstandings	5,000	5,000	4,970	4,940	4,910
Total, direct loans:					
New obligations	1,315	1,261	1,567	1,716	1,806
Change in outstandings	493	892	–876	–601	341
Outstandings	16,069	16,960	16,085	15,484	15,825
Guaranteed loans:					
Guaranteed student loans:					
New commitments	8,888	9,269	9,756	11,420	12,888
Change in outstandings	3,903	3,077	2,608	3,412	3,800
Outstandings	35,807	38,884	41,492	44,904	48,704
Total, new obligations and new commitments	**10,203**	**10,530**	**11,323**	**13,136**	**14,694**

[1] Loans guaranteed by the agency and disbursed by FFB. They are counted as direct loans in the credit budget.

and $1.1 billion, respectively, in 1987. The exclusion of interest on State and local debt for private nonprofit educational facilities results in a tax expenditure of $215 million in 1987. Current tax expenditures for education total $4.5 billion in 1987.

The administration continues to support enactment of a tuition tax credit for parents with incomes below $60,000 who choose to send their children to private elementary and secondary schools. This measure supports freedom of educational choice and is expected to help improve all aspects of elementary and secondary education. The outlay equivalent estimate for this program is $695 million in 1987.

The administration also proposes to exclude from taxation the earnings on savings deposited in special accounts that would be used to pay higher education expenses of dependent children. The maximum annual contribution to these accounts would be $1,000 per child. This maximum would be reduced 5 cents for each dollar that the taxpayer's adjusted gross income exceeds $40,000, so that any taxpayer with adjusted gross income in excess of $60,000 will be ineligible. If enacted, the proposal is scheduled to become effective January 1, 1987, and produce an outlay equivalent tax expenditure of $90 million in 1987.

If necessary, either or both of the proposals will be amended to be consistent with any changes in law that may result from tax reform currently under consideration.

TRAINING, EMPLOYMENT AND OTHER LABOR SERVICES

Federal training and employment programs are designed to improve individuals' abilities to obtain and retain jobs and to facilitate the operation of the labor market. Those who have difficulty getting and keeping jobs may receive skill training or information on the location of suitable jobs and how to seek them. Other labor services include the compilation of labor statistics and the regulation of employer-employee relations. In 1987, outlays for these activities are expected to be $5.2 billion, a decrease of $0.7 billion from the estimate of $5.9 billion for 1986.

Training and employment.—The major Federal activities for training and employment are financed through grants to States for training those having greatest difficulties in the job market, helping experienced workers displaced from their jobs find new employment, providing subsidized jobs for youth in the summer, and operating the Employment Service. In addition, the Federal Government contracts for the operation of other job training programs, including the Job Corps. Under the Job Training Partnership Act (JTPA), States have major control over the use of amounts granted them. In each State and locality, the private sector is heavily involved in planning and carrying out the programs. The primary JTPA program is a block grant that provides States and localities program discretion within broad Federal guidelines. To provide lead time for adequate planning, the budget authority enacted for a fiscal year for JTPA finances a 12-month program year beginning on July 1 of that year.

Block grants to States.—Under JTPA, the States design programs in close cooperation with private sector employers to meet the needs of their populations and the opportunities in the State job market. These programs are intended to prepare youth and unskilled adults for entry into the labor force and to provide job training to those who are in special need of such training in order to obtain productive employment. Activities are designed in conjunction with the Employment Service, educational institutions, and other vocational activities in the community to prepare individuals for jobs in the area. Although few restrictions are placed on the States and localities, JTPA requires that 70% of the grant amount must be used for training and 90% of the participants must be economically disadvantaged. At least 40% of the resources must be spent for youth, and welfare recipients must be served on an equitable basis. Outlays of $1.8 billion in 1987 reflect the budget authority proposed to serve over 1 million people in both program years 1986 and 1987.

Summer youth employment.—Under the summer youth employment program, grants are made to States in the spring of each year to subsidize minimum-wage public sector jobs and related training during the following summer for youth between the ages of 14 and 21. The 1985 budget authority provides $725 million for the summer of 1986 and the 1986 budget authority provides $636 million for the summer of 1987. The JTPA formula for distributing grants for this program among the localities has unexpectedly expanded resources to localities with little or no summer unemployment problems among disadvantaged youth. Therefore, the budget includes a proposal to rescind $208 million from the amount enacted for the summer of 1987 and to maintain the resulting $428 million level in the amount requested in 1987 for the summer of 1988. The method of distributing the appropriation would be modified so that resources are directed to those areas with the greatest need. Greater emphasis will be placed on literacy training.

To permit youth to gain the more valuable experience of work in real private sector summer jobs, the administration continues to urge legislation to permit paying less than the minimum wage for youth during the summer months. Such legislation will create more jobs by reducing employers' costs to levels closer to the value of the work produced by youth just acquiring job skills. Youths with greater skills will, of course, be able to command higher wages. Limiting the reduction to the summer will allay fears that youths will replace adults in jobs. In addition, the proposed legislation would penalize any employer who fires a worker in order to hire a youth at the lower minimum wage.

Assistance to dislocated workers.—Two programs have been available to help workers whose jobs have disappeared because of changes in the economy. Trade adjustment assistance (TAA) provided unemployment benefit payments for a period beyond that available from unemployment insurance. It also paid for retraining workers whose skills were obsolete or for expenses of searching for and moving to jobs in new locations. This aid was available only to workers who were determined, after investigation, to have been displaced from their jobs by increased imports. Experience has demonstrated that additional weeks of unemployment benefits encourage workers to delay efforts to seek new opportunities in the hope that somehow their old jobs would reappear. Moreover, the lengthy time required to determine that the job loss was due to increased imports delayed the availability of assistance to workers ready to readjust. This program expired at the end of calendar year 1985, except for training, job search, and relocation assistance, which has been continued through 1986 by an appropriation of $25 million.

JTPA authorizes the second readjustment program, providing grants to States to help dislocated workers find new occupations that use their skills, get training in new skills for which there is a demand, or meet the costs of looking for jobs or moving to new locations where they have found long-term jobs. JTPA provides that 75% of amounts appropriated generally for this program are distributed to States by formula and that 25% can be granted to States at the discretion of the Secretary of Labor based on applications describing special needs. Budget authority of $96 million was provided to be distributed in this manner in 1986. Experience under this program has shown that the need for special assistance is not proportionally distributed among States as the JTPA formula approach assumed. Most displaced workers can adjust to new jobs as the economy as a whole continues to expand. Special aid is needed in situations where localized economic shocks have resulted in relatively large numbers of workers being displaced. Only the 25% discretionary portion can be used by the Secretary to provide this special aid in such situations.

With the expiration of the TAA program, the administration proposes a 1986 supplemental appropriation of $74 million for the Secretary's discretionary portion of the JTPA dislocated worker program. Because $25 million has been provided for TAA training, the Secretary would have $99 million available in 1986 to provide assistance to areas where displaced workers are located. Budget authority of $100 million is proposed to continue the discretionary JTPA program in 1987. No financing is requested for the formula portion of the JTPA dislocated workers program.

Job Corps.—The Job Corps provides disadvantaged youth remedial education and job skills training in 107 residential centers that also provide meals, room, recreation, medical care, and living and readjustment allowances. In 1986, the budget authority of $612 million would finance 40,500 training slots, at a cost of over $15,000 each. Some studies have indicated that the benefits to society from the Job Corps exceed the costs. Many of these benefits were indirect and not the result of increased earnings by participants. The basic study supporting this conclusion was based on the experience of youth enrolled in the program in 1977, before the Job Corps was doubled in size as part of an economic stimulus endeavor. Currently, there is considerable variation among the centers in terms of cost, size, and effectiveness. Many occupy old facilities which would require considerable capital investment in the near future. The administration proposes to return the Job Corps to its 1977 capacity of 22,000 training slots. To phase down to the new level, $196 million of 1986 budget authority would be rescinded. Because of forward funding, the phasedown would not start until May 1986 and would be completed by the end of December. The centers that remain would represent an equitable distribution in relation to the target population, would afford the best possible learning environment, and would be the most cost effective in terms of both operating and capital costs.

Older Americans employment.—Part-time public service employment for older workers is provided under Title V of the Older Americans Act through contracts with seven national service organizations and the U.S. Forest Service and through grants to States. Budget authority of $326 million is requested for 1987, the same as provided in 1986 (pre-sequestration). The wage payment is fixed by law; some 63,800 job opportunities will be provided for older workers in 1987. Outlays are estimated at $315 million in 1987.

Work incentive program.—This separate categorical program has for years provided job services, training, and public service employment to recipients of aid to families with dependent children (AFDC). Although its aim is to help curb welfare dependency, it has not proved successful or cost-effective. The JTPA now requires equitable service to AFDC recipients in a program better designed to provide the skills needed for private sector jobs. The AFDC program itself has been reformed to create new opportunities for work experience. Further work enhancement legislation is being proposed, as described in the income security function. The need for this separate categorical program has ceased. No budget authority is requested for 1987 and $46 million is proposed to be rescinded in 1986 to terminate the program in the last quarter of that year.

Other training programs.—Outlays of $248 million are estimated in 1987 for other national training programs, including research and demonstration projects and special programs for veterans, native Americans, and migrant and seasonal farm workers. An increase of $32 million in budget authority for research and demonstrations will help develop understanding of, and solutions to, employment problems faced by youth and dislocated workers.

Federal-State employment services.—Grants for the Employment Service are made to States under a formula based on each State's share of the civilian labor force and of unemployed individuals. These grants support the total cost of job search and placement services to job seekers and of recruitment and special technical services for employers. Certain employment services designed to meet national needs are financed with grants under specific agreements with the States. These national activities include special services to veterans, collection of general purpose labor market statistics, and determinations of labor needs under immigration laws. Almost all (97%) of these grants to States are financed from the Federal unemployment tax levied on employers. Questions have been raised about the necessity of the Federal Government collecting a special tax from employers to finance grants to State programs providing employment services to those employers. The administration is soliciting the views of interested parties about the full range of options, including devolution, to provide States with increased authority, flexibility, and responsibility for employment service effectiveness and financing. This is also discussed in the income security function. In 1987, outlays for all employment service activities are estimated at $950 million.

Tax expenditures.—Training and employment is subsidized through a diverse group of tax expenditures. The largest employment incentive is provided by the deduction for two-earner married couples, estimated to cost $8.3 billion in 1987. This provision, enacted as part of the Economic Recovery Tax Act of 1981 (ERTA), reduces the tax married people pay. It was justified by the argument that the income of second earners is stacked on top of their spouse's earnings and thus taxed at a higher marginal rate than if the second earner had been taxed as a single person. ERTA also expanded the credit for child and dependent care and created a special exclusion for employer payments for child care. These provisions, designed to provide work incentives for families with children, are estimated to cost $4.3 billion and $40 million, respectively, in 1987.

The targeted jobs tax credit, intended to provide incentives for employers to hire disadvantaged individuals from certain target groups and recipients of certain welfare payments, expired on December 31, 1985, as did the exclusion of contributions to qualified prepaid legal services plans. Special tax credits for employee stock ownership plans (ESOPs) are designed to encourage employee ownership of their employer's stock. The tax expenditure for ESOP provisions is $4.0 billion in 1987. Total tax expenditures for training and employment are $17.9 billion in 1987.

SOCIAL SERVICES

The Federal Government makes grants to States and to local public and private institutions to defray the cost of social services. Beneficiaries are low-income persons, the elderly, the disabled, children, youth, and Native Americans. Federal outlays for social services are expected to decrease from $7.2 billion in 1986 to $6.9 billion in 1987.

Social services block grant.—Block grant funding of social services gives States discretion to determine which social services will be offered and who will be eligible to receive them. Child day care, foster care, child protective services, preparation and delivery of meals, and legal services are some examples of social services offered by the States. Block grant funds may also be used by State and local governments for administrative costs and are distributed among the States on the basis of population. States may transfer up to 10% of their social services block grant allotment to other block grants that support health services, health promotion and disease prevention, and low-income home energy assistance.

Budget authority of $2.7 billion is requested for the social services block grant in 1987.

Community service programs.—In 1987, the administration proposes to terminate community service activities. Budget authority of $4 million is requested to close out the program. States may continue community service programs under the social services block grant.

Rehabilitation services.—Budget authority of $1.2 billion in 1987 is requested for these programs, which are aimed at helping physically and mentally handicapped individuals become employed and live more independently. Reductions are proposed in the smaller project grant activities in order to eliminate low priority programs (for example: recreation; separate independent living programs for older blind persons) and to achieve needed reforms in others. The budget proposes a new grant to States of $9 million in 1987 to establish supported employment activities for the severely disabled and to help disabled youth make the transition from school to work.

Family social services.—In 1987, budget authority of $818 million is requested for foster care, adoption assistance, and child welfare services, training, and research. Funds support State programs to reunite children with their families or, when this is not possible, to place them promptly in adoptive homes.

The budget reflects a policy that taking children from their homes and placing them in foster care should be a short-term, last resort solution to children's problems. To this end, the administration continues to support its legislative proposal for an incentive system to reward States that resolve children's problems quickly and return them to permanent homes. The system will encourage reductions in the duration and incidence of foster care.

Services for children, the elderly, and other special groups.—In 1987, budget authority of $1.1 billion is requested to fund programs that augment State, local, and nonprofit funds to improve the lives of low-income, neglected, abused, or homeless children. Funding in this area is almost entirely for Head Start, which aids local community groups in offering comprehensive development services to preschool children from low-income families. The 1987 funding level will allow Head Start to maintain enrollment of more than 448,000 children. Existing categorical programs will be consolidated into a new family crisis and protective services program which will give States greater flexibility in addressing the related issues of child abuse and family violence.

In addition, budget authority of $789 million is requested to aid the elderly, the developmentally disabled, and Native Americans. Grants for services for the elderly are made to State and area agencies on aging to finance programs for older Americans. All persons over age 55 are eligible for services provided under the Older Americans Act, although services are targeted to those with the greatest economic and social need. Services for the elderly offered by the States include transportation, information and referral, legal aid, and home maintenance. In addition, States use Older Americans Act funds to serve meals to senior groups and to deliver meals to the homebound elderly.

Domestic volunteer programs.—The ACTION agency operates programs to help citizens 60 and older provide various social services, pays stipends and other support costs of the volunteers in service to America program (VISTA), and provides small grants to stimulate other volunteer services. In 1987, the foster grandparents program will support 18,775 older volunteers to work with 66,000 children with special needs. The senior companions program will provide support for approximately 6,200 volunteers to work with 22,000 older shut-ins. The retired senior volunteer program (RSVP) will support 365,000 part-time volunteers in 1987 who work on a great variety of community needs. Funds requested for the VISTA program will support 2,200 paid volunteers, the same number supported with 1986 funds (pre-sequestration).

Tax expenditures.—The provision of social services by a wide variety of private charitable and religious institutions is encouraged by the tax deductibility of contributions to those institutions.

The tax expenditure estimate for charitable contributions, other than to educational and health institutions, is $12.0 billion in 1987. The moratorium on the Internal Revenue Service ruling related to parsonage allowances was allowed to expire at the end of 1985. The allowances continue to be excluded from taxable income, but deductions of mortgage interest and real estate taxes taken by ministers who receive housing allowances will be severely limited as of January 1, 1986. The tax expenditure for parsonage allowances is estimated at $185 million in 1987. The adoption of children with special needs is encouraged by a limited itemized deduction for expenses incurred. This results in an outlay equivalent tax expenditure of less than $3 million in 1987. For social services, tax expenditures total $12.2 billion in 1987.

Total tax expenditures for education, training, employment, and social services are estimated at $34.6 billion in 1987.

HEALTH

The Federal Government contributes to meeting the Nation's health needs by financing and providing health care services, promoting disease prevention, and supporting research and training. Inflation of health care costs remains a major problem for both individuals and the Federal Government in meeting health care needs. Increasingly expensive health care costs undermine the American people's ability to purchase needed health care. Federal policies in the past have contributed significantly to the growth of health care costs, although recent reforms have slowed this growth. As a result, national health care spending grew at 9.1% in 1984, the lowest increase since 1965; and health care spending as a share of the gross national product declined, albeit slightly, for the first time since 1978. The budget contains major initiatives to restrain continued cost increases, including proposals that build upon previous reforms and steps to control costs in medicaid.

Health care services.—Four-fifths of Federal outlays for health in this function are devoted to financing or providing health care services directly to individuals. Federal outlays for health care services are estimated to decline from $28.6 billion in 1986 to $28.4 billion in 1987.

Medicaid grants.—Under current law, Federal and State governments are expected to spend $25.9 billion and $21.3 billion, respectively, in 1987 to finance health care for 23.6 million poor Americans through medicaid.

The Omnibus Budget Reconciliation Act of 1981 significantly reformed medicaid by increasing program economy and effectiveness and controlling cost growth. However, these reforms expired in 1984. The growth of Federal and State medicaid costs, which dropped from a 15.3% annual rate during 1979-1981 to about one-third that rate from 1981 to 1984, is now projected to increase to over 8% annually under current law.

The administration's legislative proposals would reduce Federal medicaid outlays in 1987 by approximately $1 billion. In subsequent years, the rate of Federal medicaid cost growth would not exceed the rate of increase in prices in the medical care sector. The administration also proposes substantial program reforms to increase significantly the States' ability to control costs. These reforms include increased flexibility to target services and to offer alternatives to more costly services, and new measures that would permit States to avoid medicaid costs through improved third-party liability efforts.

In addition, the administration proposes to reform Federal funding for State medicaid administrative costs. The administration

NATIONAL NEED: HEALTH

(Functional code 550; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Health care services:					
Medicaid grants:					
Existing law	21,845	24,440	25,880	28,313	30,520
Proposed legislation			–1,172	–2,499	–3,332
Federal employees' health benefits:					
Existing law	1,342	937	1,469	1,837	2,131
Proposed legislation			–322	–647	–825
Other health care services:					
Existing law	3,267	3,047	2,812	2,808	2,809
Proposed legislation			190	190	190
Subtotal, Health care services	26,454	28,425	28,857	30,003	31,493
Health research:					
National Institutes of Health research	4,883	4,918	4,680	4,680	4,680
Other research programs	518	529	680	680	680
Subtotal, Health research	5,402	5,447	5,360	5,360	5,360
Education and training of health care work force:					
Research training	269	263	257	257	257
Clinical training	237	66	3		
Other	43	20	19	19	19
Subtotal, Education and training of health care work force	549	349	279	275	275
Consumer and occupational health and safety:					
Consumer safety:					
Existing law	816	785	822	822	822
Other proposed legislation			–366	–366	–366
Occupational safety and health	380	363	392	403	413
Subtotal, Consumer and occupational health and safety	1,196	1,148	849	859	869
Total, budget authority	**33,601**	**35,368**	**35,344**	**36,497**	**37,998**

proposes to replace the current complicated and disparate set of matching rates with a uniform 50% Federal matching rate for all types of administrative costs starting in 1987. Special matching rates, such as those intended to assist States in developing information systems and recruiting new highly trained staff, were first introduced in 1965 to encourage States to take advantage of computers and to enhance their new medicaid staffs. Two decades later these special matching rates are no longer appropriate since States have federally approved information systems and adequately trained, highly experienced staff. Limited Federal resources should be focused on medical assistance, not overhead and other administrative costs. Similar funding changes are proposed for aid to families with dependent children and food stamps, both described in the income security function.

NATIONAL NEED: HEALTH

(Functional code 550; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
Health care services:					
Medicaid grants:					
Existing law	22,655	24,686	25,880	28,313	30,520
Proposed legislation			−1,172	−2,499	−3,332
Federal employees' health benefits:					
Existing law	1,221	682	1,869	1,834	2,027
Proposed legislation			−1,186	−672	−791
Other health care services:					
Existing law	3,108	3,197	2,773	2,831	2,813
Proposed legislation			190	190	190
Subtotal, Health care services	26,984	28,565	28,354	29,997	31,427
Health research:					
National Institutes of Health research	4,437	4,942	4,764	4,824	4,680
Other research programs	471	545	671	689	680
Subtotal, Health research	4,908	5,487	5,435	5,512	5,360
Education and training of health care work force:					
Research training	233	279	269	257	257
Clinical training	189	142	87	12	13
Other	46	34	3	18	18
Subtotal, Education and training of health care work force	468	455	360	287	288
Consumer and occupational health and safety:					
Consumer safety:					
Existing law	812	794	824	827	825
Other proposed legislation			−366	−366	−366
Occupational safety and health	370	368	389	401	412
Subtotal, Consumer and occupational health and safety	1,182	1,162	848	863	871
Total, outlays	**33,542**	**35,669**	**34,997**	**36,659**	**37,947**

Federal employees health benefits (FEHB).—The budget estimates include outlay savings of $1.2 billion in 1987 from the administration's proposal to reform the FEHB program, which is the world's largest multiple-choice health plan. Since Federal employees pay a share of the cost of the FEHB program and have many plan choices available to them, competitive market forces help to restrain FEHB cost increases.

The administration's reform legislation would build upon the competitive features of the FEHB program:

- The Federal Government's contribution for FEHB would no longer be based on the average of the high-option premiums of the six largest plans in the program, but would be based instead on a program-wide premium average that is increased annually by the implicit price deflator for the gross national product (GNP).

- The current 75% limit on the Federal contribution to the premium of any employee's health benefits would be dropped. The contribution would be a fixed dollar amount regardless of the premium. An employee who chooses a plan with a premium lower than the Federal contribution would be entitled to a rebate of the difference between the contribution and the premium. This rebate would increase the incentives for employees to select low-cost plans.
- A wider range of plans would be allowed to participate, increasing the choices available to Federal employees and further sharpening competitive forces.

Other health care services.—Budget authority of $1.6 billion is requested for health block grants in 1987, $0.2 billion more than the 1986 level. This increase reflects, in part, proposed legislation to expand the primary care block grant to include narrow categorical programs for black lung clinics, migrant health, and family planning. Block grants allow States flexibility in coordinating and improving the effectiveness of services for their citizens. Under such grants, States are able to streamline program administration and devote more resources to services, because unnecessary Federal regulatory, legal, and reporting requirements previously imposed on grantees would no longer apply.

Budget authority of $725 million is requested for the Indian Health Service (IHS) in 1987. In addition, the IHS will collect an estimated $71 million in third-party reimbursements for health services provided to American Indians and Alaskan Natives. The delivery of health services by the IHS will be made more cost-effective through increased use of health maintenance organizations. The IHS also plans to initiate a redistribution of resources among its health service delivery areas based on indicators of health status.

For 1987, $36 million in budget authority is requested for the direct Federal subsidy for the care of District of Columbia residents at Saint Elizabeths Hospital. This represents the fifth year of a 10-year phasedown of this subsidy. An additional transition subsidy is also requested as part of the Federal payment to the District of Columbia government, which is classified in the general purpose fiscal assistance function.

Health research.—In 1987, the Federal Government will provide an estimated 85% of the Nation's expenditures on basic health-related research, with the bulk of Federal support channeled through the National Institutes of Health (NIH). Including $144 million in AIDS-related research funded through the Office of the Assistant Secretary for Health, total 1987 outlays for NIH research are estimated to decline from the 1986 level of $4.9 billion to $4.8

billion in 1987. To ensure the Nation's continued leadership in basic health research, it is essential to provide stable support for such research. The 1987 request for NIH would fund 18,000 research project grants, 523 research centers, and 9,100 research trainees. Complementing the NIH effort, funding requested for the Alcohol, Drug Abuse, and Mental Health Administration would support 1,400 research project grants. In addition, the administration will implement a policy of limiting the reimbursement rate for university overhead allocated to federally supported research. This policy restores the appropriate balance between Federal research support and Federal support of university overhead.

Acquired Immune Deficiency Syndrome (AIDS) is the highest public health priority of the Department of Health and Human Services. Complementing State and local programs, the Federal effort encompasses health education and risk prevention as well as research on the causes of and potential treatments for AIDS. Budget authority of $213 million is requested for AIDS research and education in 1987. Beginning in 1987, these funds will be requested by the Office of the Assistant Secretary for Health and coordinated by a newly-established office to ensure that the national effort against AIDS reflects a coherent strategy.

Education and training of the health care workforce.—In 1987, $279 million in budget authority is requested for these programs. Research training, mentioned in the preceding paragraph, is projected to have outlays of $269 million in 1987. Since the supply of health care professionals is now adequate, direct Federal subsidies for clinical health professions training are no longer essential. Between 1965, when Federal subsidies for health professions training began, and 1985, the supply of physicians per capita grew by 51%, and surpluses in the 1990's are projected for most health care disciplines. For this reason, no new budget authority is requested for clinical training of health care professionals in 1987.

In 1987, an estimated 10,000 students in health professions programs—medical and allied health professionals—would be supported by an estimated $100 million in new guaranteed loan commitments under the health education assistance loan program. An additional 37,600 health professions students would continue to receive assistance through revolving fund loans for health professions and student nurses. Direct support would continue for about 10,000 students pursuing careers in health-related research.

Consumer and occupational health and safety.—Budget authority of $849 million in 1987 is requested for protecting consumers from unsafe and defective products and for protecting workers from occupational hazards.

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CREDIT PROGRAMS—HEALTH

(In millions of dollars)

	1985 actual	Estimate			
		1986	1987	1988	1989
Direct loans:					
Health resources, education, and facilities:					
New obligations	10	21	22	23	24
Change in outstandings	−24	7	10	11	13
Outstandings	558	566	576	587	600
Health facilities (FFB loan assets)[1]:					
Change in outstandings	−16	−10	−11	−12	−13
Outstandings	232	222	211	199	186
Total, direct loans:					
New obligations	10	21	22	23	24
Change in outstandings	−40	−2	−1	−1	*
Outstandings	791	788	787	786	787
Guaranteed loans:					
Health resources, education, and facilities:					
New commitments	271	389	100	100	100
Change in outstandings	23	299	4	*	−3
Outstandings	1,873	2,172	2,176	2,176	2,173
Total, new obligations and new commitments	**281**	**410**	**122**	**123**	**124**

* $500 thousand or less.

[1] Loans made by the agency and subsequently sold to FFB. The agency guarantees and repurchases the loans when they mature.

Consumer safety.—Budget authority for consumer safety activities is proposed to be $456 million in 1987. This funding would support research, consumer education, and the development of both voluntary and regulatory measures to protect consumers from unreasonable risks. Inspections would be continued to assure the safety and efficacy of drugs, medical devices, and foods. Legislation will be proposed to provide for more efficient inspection methods for meat and poultry and egg products processing. Legislation that establishes full recovery of inspection and related costs through fees assessed on these industries is also proposed. Charging such fees would neither lower inspection standards nor affect consumer safety, but would reduce net outlays by an estimated $366 million in 1987. Legislation is also being proposed to strengthen Federal enforcement powers under the meat and poultry inspection acts.

Occupational safety and health.—The budget includes $392 million in budget authority in 1987 to improve occupational safety and health. The Occupational Safety and Health Administration (OSHA) and the Mine Safety and Health Administration (MSHA) in the Department of Labor issue and enforce standards to eliminate workplace hazards causing injury, illness, or death. During 1986 and 1987, both OSHA and MSHA will continue efforts to revise or eliminate standards that burden employers without enhancing protection of workers. Resources would be focused on those activities most likely to ensure safe and healthful working conditions. Cooperative and voluntary efforts of employers and employees to increase workplace safety and health will be encouraged. All mine inspections required by the Mine Safety and Health Act of mines operating throughout 1986 and 1987 are expected to be accomplished. OSHA plans to conduct approximately the same number of inspections in 1987 as were conducted in 1985.

Tax expenditures.—Federal tax laws help finance health insurance by allowing employees to exclude from their taxable income the insurance premiums paid by their employers. The estimated tax expenditure for this provision is $35.1 billion for 1987. Individuals also are permitted to itemize as deductions certain expenses for health care. In 1987, the estimate for these deductions is $4.0 billion. In addition, health-related charitable contributions result in a tax expenditure estimated at $1.9 billion for 1987, and the exclusion of interest on State and local hospital bonds results in an estimated 1987 tax expenditure of $1.9 billion. Since 1982, a tax credit of 50% has been allowed for qualified clinical testing of drugs used to treat certain rare diseases or conditions. The tax expenditure estimate for this provision is less than $2.5 million in 1987, at the end of which it expires. Estimated tax expenditures for existing health provisions total $42.9 billion in 1987.

Related programs.—The Federal Government supports health-related expenditures that are reported in other functions. Among the most important are medicare, discussed in the next function, and medical care for veterans and military personnel, discussed in both the veterans benefits and services and national defense functions. Agency contributions to Federal employees health benefits are described under health care services but are included in individual agency budgets.

MEDICARE

The Federal Government contributes to the health of aged and disabled Americans through medicare. In 1987, medicare will provide health insurance for an estimated 31 million persons who are aged, disabled or suffer from end-stage renal (i.e., kidney) disease.

Medicare consists of two parts: Hospital insurance (Part A), funded primarily by social security payroll taxes, finances care provided by hospitals, skilled nursing facilities, home health agencies, and hospices. Supplementary medical insurance (Part B), the optional part of medicare, finances physician services, hospital outpatient and laboratory services, treatment for end-stage renal disease, and certain non-physician items like durable medical equipment. Enrollees pay for about 25% of Part B costs.

Total spending on health care was 10.6% of the gross national product (GNP) in calendar year 1984, up from 6.1% 20 years ago when medicare had just started. Medicare pays for 28% of the Nation's hospital care, which is the largest, most expensive component of health care, and 19% of physician care, the second largest component. Medicare current services outlays are projected to reach $74 9 billion by 1987, a four-fold increase in a decade. With savings from regulatory changes, outlays are projected to be $73.2 billion by 1987. With additional savings from legislative proposals, outlays in 1987 are projected to be $70.2 billion.

Third-party payers of health care, led by private employers and insurers, have aggressively sought to constrain exploding health care costs. Following the private sector's lead, the administration's proposals would extend the efforts to administer the medicare program as a prudent insurer by relying on competitive, market-oriented incentives and reforming inflationary cost-reimbursement payment systems.

Hospital insurance (HI).—Hospital inpatient services are projected to account for over 90% of HI benefit payments in 1987. In 1984 inflationary cost-reimbursement of hospitals was replaced by the prospective payment system (PPS), which generally sets a flat payment per case in advance for each hospital patient based on that patient's diagnosis. With each admission classified into one of 470 diagnosis-related groups (DRGs), hospitals receive higher average payments for more complicated and expensive DRGs and less for simpler DRGs. For instance, payments for coronary bypasses (DRG 106) are typically five times the payments for broken hips (DRG 236). Under PPS, hospitals are posting record operating margins (i.e., profit margins).

The budget estimates assume a moderate increase in hospital payments, with the PPS payment rate increasing by an estimated 2%. This rate of increase is in the middle of the range of reasona-

NATIONAL NEED: MEDICARE

(Functional code 570; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Medicare:					
Hospital insurance (HI):					
Existing law	52,739	67,335	62,583	68,237	72,947
Proposed legislation			124	228	569
Supplementary medical insurance (SMI):					
Existing law	24,576	24,948	27,414	31,042	36,446
Proposed legislation		2	−562	−828	−992
Medicare premiums and collections:					
Existing law	−5,562	−5,771	−6,569	−7,135	−7,590
Proposed legislation			−725	−1,787	−3,238
Interfund transactions:					
Existing law	−52	150			
Proposed legislation					
Total, budget authority	**71,701**	**86,664**	**82,265**	**89,757**	**98,142**
OUTLAYS					
Medicare:					
Hospital insurance (HI):					
Existing law	48,654	49,193	51,598	55,816	61,029
Proposed legislation			−1,657	−2,047	−2,267
Supplementary medical insurance (SMI):					
Existing law	22,730	25,253	28,160	31,977	36,026
Proposed legislation		−15	−573	−783	−938
Medicare premiums and collections:					
Existing law	−5,562	−5,771	−6,569	−7,135	−7,590
Proposed legislation			−725	−1,787	−3,238
Interfund transactions:					
Existing law					
Proposed legislation					
Total, outlays	**65,822**	**68,661**	**70,234**	**76,041**	**83,022**

ble update factors. The final rate increase will be determined by the Secretary of Health and Human Services in September, consistent with both statutory requirements and the latest data on appropriate costs. In addition, as provided by the Social Security Amendments of 1983, starting in 1987 medicare payments to hospitals for capital costs will be phased into the prospective rate paid for each hospital admission. This change would end the separate cost-reimbursement system for capital.

The administration also is proposing other changes in HI to:

- reform medicare payments to hospitals for direct medical education, and eliminate windfall payments made to one-fifth of all hospitals because the analytically derived "teaching" add-on payment was inappropriately doubled. In an era when the hospital industry has record operating margins, "teaching" hospitals have above average operating margins; and
- institute modest cost-sharing for home health patients who have not been hospitalized. Between 1982 and 1985, the cost of home health grew 25% per year.

Supplementary medical insurance (SMI).—Payments for physician services are projected to constitute 70% of SMI payments in 1987. The budget estimates assume that a technical defect in the index used to constrain the price paid for physician services will be corrected administratively. The estimates also assume that, where medicare has distorted the market, reimbursement levels for selected physician services that are overpriced will be lowered to inherently reasonable levels.

The SMI (Part B) premium was originally set to cover 50% of the program's costs in 1966, but it now covers only about 25%, with taxpayers subsidizing the remainder. The administration proposes to gradually increase the premium to 35% of costs over 5 years. Under this proposal, the premium for 1987 would be set to cover 27% of program costs and would be increased two percentage points annually through 1991. In addition, when premiums are paid by third parties, the premium would be set equal to 50% of program costs. The savings from these two proposals are estimated to be $0.7 billion in 1987.

The administration is reproposing reforms to:

- increase the Part B deductible, which has been increased only twice since 1966, to $100 per year. The deductible would be increased after 1987 by the rate of increase in physician fees.
- reform the timing of medicare entitlement, making beneficiaries eligible in the first *full* month they are 65.
- no longer permit employer-based private health insurance to place onto medicare the costs associated with working beneficiaries, their spouses over age 69, and disabled beneficiaries. This action would leave medicare as the secondary—not the primary—payer, and would complement the earlier statutory reform affecting working beneficiaries and their spouses age 69 and below.

Related programs.—A number of programs related to medicare are discussed in the health, veterans, and income security functions; payroll taxes are discussed in Part 4, "Federal Receipts by Source." Social security is now a separate budget function and follows the income security discussion.

INCOME SECURITY

Federal programs in the income security function help meet the needs of individuals by insuring against loss of income resulting from retirement, disability, death, or unemployment of a wage earner, and by assisting the truly needy who are unable to provide for themselves. The income security function includes retirement and disability programs for Federal civilian and military personnel, railroad employees, and coal miners. Retirement and disability benefits are financed by a combination of employer and employee contributions and direct Federal payments. The income security function also includes unemployment compensation programs and a wide range of housing, food, and cash assistance programs.

General retirement and disability insurance (excluding social security).—This subfunction includes programs that provide retirement and disability benefits for railroad workers and coal miners.

Railroad retirement.—The Railroad Retirement Board (RRB) will administer retirement and disability benefits to an estimated 954,000 former railroad employees, their dependents, and survivors in 1987. RRB payments include benefits equivalent to social security retirement and disability benefits, as well as rail industry pensions and federally subsidized windfall payments. Benefits are financed through payroll deductions by railroad employers and employees, payments from social security trust funds, and direct subsidies from taxpayers. Not including $0.2 billion of interest payments from RRB to Treasury, estimated 1987 outlays are $3.8 billion. These outlays include $352 million for the Federal windfall subsidy component, which represents an annual subsidy of some $1,000 per active railroad employee.

The administration proposes two legislative initiatives to correct unintended subsidies to the rail sector that are financed by the social security program. First, the Secretary of Health and Human Services would conduct continuing reviews of the railroad retirement disability rolls. Unlike persons getting direct social security disability payments, persons getting social security equivalent railroad retirement disability benefits do not have their continuing eligibility reviewed. Social security's disability trust fund pays more to finance railroad retirement disability benefits than it would if it were directly administering the benefits. Second, the rail sector equivalent of workers' compensation, provided under the Federal Employers' Liability Act, would be treated like regular workers' compensation and payments would be offset against rail disability payments.

The budget proposes legislation to: (1) make uniform the treatment of rail pension payments for income tax and cost-of-living adjustment purposes by correcting flaws in the law that now treat these industry pensions like social security; (2) freeze cost-of-living adjustments on rail pensions for 1 year; (3) extend Federal/State unemployment insurance coverage to railroad employment; (4) require the railroad retirement trust funds to pay the full normal costs of Railroad Retirement Board employees' pensions less employee contributions; and (5) require the rail sector to finance 25% of Federal windfall subsidy costs.

The administration will propose several reforms permitting short-term savings and privatization of rail industry pensions. Railroad retirement is the only private industry pension system embedded in Federal law, subsidized by taxpayers and administered by a Federal agency. Although not included in the budget estimates, privatization would generate long-term savings.

Special benefits for disabled coal miners.—Miners who suffer from chronic dust disease of the lungs—black lung—and who meet specified medical criteria are entitled to monthly cash payments and medical benefits. Cash payments are also made to their dependents and survivors. The basic monthly cash payment is based on the GS-2 Federal salary level. Outlays are estimated to be $1.6 billion in 1987.

Beneficiaries receive payments from either general revenues or the black lung disability trust fund. Under proposed legislation, general fund payments would be calculated using the social security rule of rounding down to the nearest dollar. Also, legislation is being proposed that would have general fund financed benefits considered—in the same way in which the trust fund financed benefits are considered—in the calculation of social security disability benefits.

The black lung disability trust fund, which is financed by a fee on coal production, is projected to have a deficit of $3.2 billion at the end of 1986. The budget proposes an increase in the coal fee to stabilize this deficit by 1991. This proposal is discussed in Part 4, "Federal Receipts by Source."

Pension Benefit Guaranty Corporation (PBGC).—This Government corporation was established in 1974 to insure pension benefits promised workers by their private employers. When a defined benefit pension plan is terminated by a sponsoring employer, the Corporation pays the monthly pensions required by the particular plan, up to a maximum set by law. The Corporation may also lend insolvent multi-employer plans the amounts needed to prevent termination, consequently forestalling Government responsibility to pay benefits if the plan is terminated. PBGC revenues include premiums charged to all employers with defined benefit plans,

NATIONAL NEED: PROVIDING INCOME SECURITY

(Functional code 600; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
General retirement and disability insurance (excluding social security):					
Railroad retirement:					
Existing law	5,131	5,596	4,745	4,669	4,551
Proposed legislation	....	....	155	59	107
Special benefits for disabled coal miners:					
Existing law	1,373	1,708	1,539	1,624	1,601
Proposed legislation	....	....	....	....	....
Other	60	78	87	94	103
Subtotal, General retirement and disability insurance (excluding social security)	6,564	7,382	6,526	6,447	6,362
Federal employee retirement and disability:					
Civilian retirement and disability programs:					
Existing law	40,873	42,603	44,019	46,452	48,464
Proposed legislation	....	....	2,034	2,519	2,652
Military retirement	27,426	30,955	33,702	36,056	38,492
Federal employees workers' compensation (FECA)	207	232	259	274	322
Subtotal, Federal employee retirement and disability	68,506	73,790	80,014	85,301	89,931
Unemployment compensation:					
Existing law	21,001	21,083	22,213	20,958	19,388
Proposed legislation	....	....	111	136	125
Subtotal, Unemployment compensation	21,001	21,083	22,324	21,094	19,513
Housing assistance:					
Subsidized housing	10,759	5,124	....	3,000	2,860
Public housing operating subsidies	1,402	1,159	1,172	1,308	1,348
Low-rent public housing loans:					
Existing law	14,566	1,238	1,366	521	....
Proposed legislation	....	−499	356	1,571	1,581
Other housing assistance	152	155	93	90	90
Subtotal, Housing assistance	26,879	7,175	2,986	6,490	5,879
Food and nutrition assistance:					
Food stamps and aid to Puerto Rico:					
Existing law	12,577	12,651	12,657	13,113	13,467
Proposed legislation	....	−69	−313	−403	−510
Child nutrition and other programs:					
Existing law	6,078	6,187	6,583	6,881	7,304
Proposed legislation	....	....	−775	−838	−934
Subtotal, Food and nutrition assistance	18,655	18,769	18,151	18,752	19,327
Other income security:					
Supplemental security income (SSI):					
Existing law	9,442	9,870	10,569	11,776	11,359
Proposed legislation	....	....	−34	−34	−34
AFDC and child support enforcement:					
Existing law	9,207	9,581	9,211	10,049	10,301
Proposed legislation	....	....	−278	−259	−257
Earned income tax credit (EITC)	1,100	1,283	1,228	1,112	1,075
Refugee assistance	444	322	374	372	352
Low-income home energy assistance	2,100	2,010	2,100	2,100	2,100
Other	205	165	143	143	143
Subtotal, Other income security	22,499	23,230	23,313	25,259	25,039
Total, budget authority	**164,103**	**151,430**	**153,315**	**163,343**	**166,050**

NATIONAL NEED: PROVIDING INCOME SECURITY—Continued

(Functional code 600; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
General retirement and disability insurance (excluding social security):					
Railroad retirement:					
Existing law	3,911	3,781	3,750	3,901	4,095
Proposed legislation			74	63	55
Special benefits for disabled coal miners:					
Existing law	1,668	1,653	1,648	1,626	1,605
Proposed legislation					
Pension Benefit Guaranty Corporation:					
Existing law	−19	39	92	109	118
Proposed legislation		−200	−203	−218	−231
Other	57	71	81	90	99
Subtotal, General retirement and disability insurance (excluding social security)	5,617	5,344	5,442	5,572	5,742
Federal employee retirement and disability:					
Civilian retirement and disability programs:					
Existing law	23,268	24,264	25,630	27,387	29,150
Proposed legislation			−674	−1,341	−1,971
Military retirement:					
Existing law	15,801	17,649	18,516	19,666	20,801
Proposed legislation			−500	−701	−742
Federal employees workers' compensation (FECA)	196	232	259	274	322
Federal employees life insurance fund	−674	−733	−788	−831	−868
Subtotal, Federal employee retirement and disability	38,591	41,412	42,444	44,454	46,692
Unemployment compensation:					
Existing law	17,475	16,482	16,884	17,270	17,301
Proposed legislation			1	7	12
Subtotal, Unemployment compensation	17,475	16,482	16,885	17,278	17,313
Housing assistance:					
Subsidized housing:					
Existing law	9,994	10,642	10,657	11,086	11,581
Proposed legislation		−721	−1,720	−1,895	−1,967
Public housing operating subsidies	1,205	1,337	1,297	1,273	1,327
Low-rent public housing loans:					
Existing law	13,938	1,385	1,470	620	−249
Proposed legislation		−499	356	603	831
Other housing assistance	125	214	170	174	164
Subtotal, Housing assistance	25,263	12,358	12,230	11,862	11,687
Food and nutrition assistance:					
Food stamps and aid to Puerto Rico:					
Existing law	12,526	12,557	12,643	13,099	13,451
Proposed legislation		−69	−315	−406	−509
Child nutrition and other programs:					
Existing law	6,014	6,244	6,469	6,841	7,262
Proposed legislation			−704	−833	−924
Subtotal, Food and nutrition assistance	18,540	18,732	18,094	18,701	19,279
Other income security:					
Supplemental security income (SSI):					
Existing law	9,606	10,162	10,569	11,776	11,359
Proposed legislation			−34	−34	−34
AFDC and child support enforcement:					
Existing law	9,224	9,738	9,211	10,049	10,301
Proposed legislation			−278	−259	−257

NATIONAL NEED: PROVIDING INCOME SECURITY—Continued

(Functional code 600; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
Earned income tax credit (EITC)	1,100	1,283	1,228	1,112	1,075
Refugee assistance	442	393	343	368	345
Low-income home energy assistance	2,141	2,019	2,091	2,100	2,100
Other	201	170	150	145	145
Subtotal, Other income security	22,715	23,765	23,280	25,257	25,033
Total, outlays	**128,200**	**118,093**	**118,374**	**123,124**	**125,746**

earnings on investments, and collections from sponsors of terminated plans. Because liabilities assumed under terminated plans exceed income from all sources, the Corporation has a growing deficit that is expected to reach $1.5 billion by the end of 1987. The budget reflects the administration's request that the Congress enact legislation to increase the current annual premium of $2.60 per participant paid by single-employer plans. The increase would retard growth of the Corporation's deficit, which more than doubled in 1985. The administration also supports legislation to revise the insurance program for single-employer plans in order to close loopholes in the Employee Retirement Income Security Act of 1974 that allow unwarranted assignment to the Corporation of liabilities for unfunded benefits.

Federal employee retirement and disability.—Of the several employee retirement and disability programs in the legislative, judicial, and executive branches of the Federal Government, the largest are civil service retirement and disability and military retirement.

Civilian retirement and disability programs.—The civil service retirement and disability system covers most of the Federal Government's 2.7 million civilian employees. Under existing law, approximately 2.0 million retirees and survivors will receive payments in 1986 totaling an estimated $24 billion in outlays. Benefits are paid to former employees who meet eligibility requirements based on age and length of service, and to their survivors. Currently, full retirement benefits can begin at age 55 for employees with 30 years of service. Benefit levels are based on the employee's three highest salary years and are indexed to the Consumer Price Index (CPI). Current workers and their employing agencies each contribute 7% of wages toward retirement costs. The remainder—about 60% of total costs—must ultimately be paid by taxpayers through annual payments to the civil service retirement fund.

Until January 1984, the civil service retirement system was completely separate from the social security system. However, employees hired after December 31, 1983, are temporarily covered under a combination of civil service retirement and social security. For these new employees, the administration supports the establishment of a permanent, reasonable, and appropriate retirement system that approximates the cost of private-sector pension plans.

In addition, the administration continues to support reform of the current costly civil service retirement system, which provides very generous benefits. In order to sharply reduce the taxpayer subsidy of Federal pensions and to bring Government pension costs more into line with those of private employers, the administration proposes legislation to:

- *Reduce the annuities of employees retiring early.*—The retirement age for full benefits would be raised to 62. Employees could still retire at 55 with 30 years of service, but the benefits would be reduced by 2% for each year under 62 at the time of retirement. Employees who are already 55 would not be affected, and the proposal would be phased in over 4 years to avoid unduly upsetting the plans of employees who are already near 55.
- *Limit cost-of-living adjustments (COLAs).*—The scheduled January 1987 COLA would be eliminated. COLAs thereafter would be limited to the percentage change in the CPI less 2 percentage points. The COLA scheduled for January 1986 would be eliminated under provisions of P.L. 99-177.

In addition, the administration's legislative proposal will include reforms to:

- change the base on which benefits are computed from the highest 3 salary years to the highest 5 years; employees within 3 years of retirement eligibility would not be affected;
- conform civil service survivor, adult student, and minimum benefits to those provided by social security;
- increase employee and employer contributions from 7% to 9% in 1987;
- require that the Postal Service and the District of Columbia begin paying the full cost of employee pensions less the employee's contributions; and
- discontinue Federal employee retirement, life, and health insurance coverage for employees first hired by the District of Columbia after September 30, 1986.

In 1987, the package of civil service retirement reforms is estimated to increase receipts by $937 million and reduce outlays by $667 million. Comparable changes to other civilian retirement and disability programs are estimated to reduce outlays by $7 million in 1987.

Military retirement.—Approximately 1.5 million military retirees and survivors will receive an estimated $18.5 billion in outlays under existing law in 1987. Normal retirement eligibility is attained at 20 years of service. The initial benefit is 2.5% of final basic pay for each year of service. For personnel entering after September 1980, the average of the member's highest 3 years of basic pay will be used, as specified by current law, instead of final basic pay. Benefits are indexed to the CPI. Consistent with the proposal for civil service retirement, the scheduled January 1987 COLA for military retirement is proposed to be eliminated. The COLA scheduled for 1986 would be eliminated under provisions of P.L. 99-177. Military personnel also make contributions to and are eligible for social security.

Federal employees workers' compensation.—The Department of Labor provides tax-free cash and medical benefits to Federal employees or their survivors for job-related injuries, illnesses, or deaths. About 47,600 workers with long-term disabilities, or their survivors, will receive monthly payments in 1986 and 1987.

Federal employees life insurance fund.—The outlays of this fund are payments to survivors of Federal employees and former employees. Premium payments to this fund are projected to exceed outlays by $0.8 billion in 1987.

Unemployment compensation.—About 97% of wage and salaried employment in the United States is covered by unemployment compensation programs, which pay benefits to individuals who are temporarily out of work and are searching for jobs. Based on the economic assumptions described in Part 2, an estimated average of 2.3 million workers per week will receive unemployment benefits during 1986 and 2.2 million workers in 1987. Outlays are estimated to increase from $16.5 billion in 1986 to $16.9 billion in 1987, because the decline in the projected average unemployment rate from 6.8% in fiscal year 1986 to 6.6% in 1987 is more than offset by an increase in the average weekly benefit amount.

Regular benefits, usually paid for up to 26 weeks, are financed by a State tax on employers and vary according to benefit levels set by each State. Extended unemployment benefits, which increase by 50% the number of weeks an unemployed worker can receive unemployment compensation, are payable in States with high rates of unemployment among covered individuals, as defined by statute. The total number of weeks of regular and extended benefits may not exceed 39. Extended benefits are financed in equal portions by State and Federal taxes on employers.

Benefits paid to former Federal civilian and military employees are financed by the Federal agency that employed them. Additional benefits are available to certain workers in specific circumstances, such as former Conrail employees.

State and Federal administrative costs are financed by a Federal tax on employers. States have raised questions about equity in allocating resources among States, lack of flexibility resulting from the highly specific allocations, and adequacy of resources to support certain activities. The administration is soliciting the views of interested parties about the full range of options, including devolution, to resolve these problems in a way that provides States with increased authority, flexibility, and responsibility for the effectiveness and the financing of the administration of unemployment insurance and the employment service.

The administration proposes to ensure comprehensive unemployment insurance coverage for rail workers by extending Federal-State unemployment insurance coverage to railroad employment beginning in 1987 with a transitional program. Under this proposal, all rail workers becoming unemployed after September 30, 1986, would be eligible for the generally higher maximum weekly benefits available under the Federal-State program. Railroads would reimburse States for the costs of benefits paid during the transition, allowing States time to gain experience with railroad employment before regular State unemployment insurance contributions from the railroads begin. This proposal would speed repayment of the rail sickness and unemployment fund's debts to the rail pension fund.

Housing assistance.—The Federal Government provides housing subsidies for low-income families and individuals through several programs administered by the Department of Housing and Urban Development (HUD) and the Department of Agriculture (USDA). Eligibility for HUD assistance is generally limited to households with annual incomes below 50% of median income in each community; USDA programs serve households with incomes up to 80% of the median income. In subsidized rental programs, tenants are required to contribute 30% of their income toward their housing costs. By the end of 1985, 5.4 million households, or approximately 16 million people, were receiving housing assistance. As a result of the completion of units already under construction, the addition of units funded in 1985 or before that are not yet in service, and the utilization of units recommended in the budget, the number of assisted households will grow to 5.7 million by the end of 1987—4.2 million in HUD-assisted units and 1.5 million in USDA-assisted units—an increase of over 1.4 million households (33%) since 1980.

The budget proposes to terminate the separate Agriculture Department's Farmers Home Administration (FmHA) housing assistance programs. This includes the FmHA credit activities supporting homeownership and rental housing construction described in the commerce and housing credit function. Beginning in 1987, HUD will expand its role in nonmetropolitan areas and assume full responsibility for providing housing assistance in both rural and urban areas. The allocation of HUD housing vouchers to 50,000 additional households annually would be split evenly between metropolitan and nonmetropolitan areas, thereby approximating the urban-rural distribution in the total HUD- and FmHA-assisted units between 1980 and 1985. This change would consolidate housing assistance under a single Federal agency.

Of HUD's privately-owned assisted units, 2.0 million are administered under its section 8 program. Subsidies are either earmarked for specific units, or are tenant-based and can be used for any private units that satisfy housing quality standards and rent at or below a specified level.

The new construction or substantial rehabilitation subsidies under section 8 are earmarked for specific units. Commitments made for these programs will result in over $95 billion in Federal outlays over the life of the subsidy contracts. Supplementing the required tenant rent contributions, these subsidies help defray operating and capital costs of the housing projects. In 1983, Congress repealed authority to make new section 8 commitments except for units designed to serve the elderly. At the end of 1985, 757,000 families benefited from the new construction programs. An additional 456,000 families benefited from housing projects funded under section 8 but by means other than new construction.

The section 8 existing and housing voucher programs currently provide tenant-based subsidies for 786,000 families in standard quality units that rent at or below specified levels. The housing voucher program was created in 1983. Like the section 8 existing program, the voucher makes up the difference between a specified private market rent level and the required tenant rent contribution. Unlike the section 8 existing program, tenants retain the savings if they select units that rent below the payment standard, giving tenants a powerful incentive to shop for high-quality but low-cost units.

The budget proposes to fund 50,000 housing vouchers in HUD each year beginning in 1986. Because housing vouchers require considerably less budget authority than already appropriated for HUD's housing programs in 1986, the budget is able to fund both the 1986 and 1987 housing assistance programs using the 1986 appropriation. Budget authority of $2.3 billion will be deferred to 1987 to fund vouchers for 50,000 additional households that year. In addition, the budget proposes to rescind $4.4 billion in excess 1986 budget authority.

Publicly-owned rental housing is provided by Public and Indian Housing Authorities (PHAs and IHAs). The Federal Government uses an operating-cost formula to provide operating subsidies to PHAs and IHAs to supplement the required tenant rent contributions. The budget includes $1.2 billion in budget authority for operating subsidies for almost 1.4 million public and Indian housing units. This request assumes no growth in personnel and related expenses, but allows for inflation adjustments for utilities and other nonpersonnel expenses that are generally beyond the PHAs' and IHAs' ability to control.

The Federal Government is also obligated to amortize the costs incurred by PHAs and IHAs to build or acquire housing units and their subsequent modernization. Because of the changes in the tax law enacted in 1984, questions have been raised about the tax status of PHA and IHA obligations financing these projects. Consequently, tax-exempt financing has been suspended and replaced by direct Federal loans. Outlays of $14 billion in direct loans were necessary in 1985 and $1.5 billion in outlays are estimated for 1986 to meet on-going construction needs and to repay maturing PHA and IHA short-term tax-exempt obligations. Since direct loans are being provided, no new guaranteed loan commitments will be needed.

The administration continues to support a thorough reform of public and Indian housing capital financing. Proposed changes, which have been partially adopted in legislation pending before Congress, would not affect program levels, but would eliminate an unnecessarily complex financing procedure. The current financing method is inefficient, because the revenue losses to the Government from the public housing notes' tax-exempt status exceed the interest savings.

In 1986, the adminstration proposes to limit modernization funding to $458 million for emergency capital needs, using the current method of financing over a 20-year period. In 1987, instead of requesting budget authority to amortize this capital expenditure over 20 years, the budget requests funds for 1 year. Using this direct grant approach, the budget proposes $225 million for emergency modernization needs in 1987, an amount equivalent to the 1986 program level.

Food and nutrition assistance.—Low- and middle-income families and individuals receive food and nutrition assistance through a number of Federal programs.

Food stamps and aid to Puerto Rico.—Food stamps help lower-income families maintain a nutritious diet. Eligible households receive monthly allotments of stamps, based on income and household size, to finance food purchases. Benefits are entirely federally funded; administrative costs are shared by the States and the Federal Government. Benefits are adjusted annually for changes in the cost-of-living, with the next adjustment scheduled for October 1986. An estimated 19.5 million people will receive food stamps

CREDIT PROGRAMS—INCOME SECURITY

(In millions of dollars)

	actual 1985	Estimate 1986	Estimate 1987	Estimate 1988	Estimate 1989
Direct loans:					
Low-rent public housing:					
New obligations	14,065	1,459	1,722	1,124	488
Change in outstandings	13,479	–14,694	....	....	....
Outstandings	14,694	....	....	....	....
Low-rent public housing (loans made by FFB)[1]:					
Change in outstandings	–32	–35	–37	–39	–42
Outstandings	2,146	2,111	2,074	2,035	1,993
Other:					
New obligations	2	3	3	3	3
Change in outstandings	–1	–1	–1	–1	–1
Outstandings	20	19	18	17	16
Total, direct loans:					
New obligations	14,066	1,462	1,725	1,128	491
Change in outstandings	13,445	–14,730	–38	–41	–43
Outstandings	16,861	2,131	2,093	2,052	2,009
Guaranteed loans:					
Low-rent public housing:					
Change in outstandings	–13,276	–310	–337	–364	–392
Outstandings	8,887	8,577	8,240	7,876	7,484
Total, new obligations and new commitments	**14,066**	**1,462**	**1,725**	**1,128**	**491**

[1] Loans guaranteed by the agency and disbursed by FFB. They are counted as direct loans in the credit budget.

each month during 1987, with associated Federal outlays of $11.5 billion under proposed law. Outlays for the nutrition assistance block grant for Puerto Rico are estimated to be $825 million in 1987.

In aid to families with dependent children (AFDC) and medicaid, the States are held liable for the full dollar value of erroneous payments above a 3% tolerance level, while in food stamps, they are held liable for only a fraction of erroneous payments above 5%. As a result, States were held liable for *only one-tenth* of the $890 million in food stamps they issued erroneously during 1984. The administration proposes that food stamps be brought into closer conformity with medicaid and AFDC. Beginning in 1987 States would be held liable for the full dollar value of erroneous benefits issued above 5%, raising State liabilities to only one-third of total erroneous payments.

The administration proposes legislation to reform Federal funding for State and local administrative costs. A uniform 50% Federal matching rate for all types of administrative costs would be phased in over several years, replacing the complicated and disparate set of matching rates now in place for various types of State overhead costs. Similar changes are proposed for medicaid (discussed in the health function) and AFDC.

As in AFDC, the administration is proposing legislation to require employable food stamp recipients to participate in a work program as a condition of receiving benefits. The administration's proposal would build upon the work provisions enacted in the Food Security Act of 1985 by applying them to a broader base of recipients. As in the farm bill, the administration's proposal would allow each State to choose a mix of work programs to suit the specific work needs of its food stamp recipients. Work programs could include—but would not be limited to—workfare, job training, and job search. Participation would encourage recipients to work in the private sector or perform useful public services. The estimated number of 1987 food stamp participants would not be significantly affected by the administration's work proposal.

Child nutrition and other programs.—The child nutrition programs subsidize meals for children in schools, child care facilities, and other institutional settings. Approximately 12.7 million young Americans will receive federally subsidized meals in 1987. Subsidies include both cash payments and commodities. For all the programs in this category, Federal outlays in 1987 are estimated to be $5.8 billion.

The administration continues to support legislation to better target Federal nutrition benefits to children from lower-income families. For students from non-needy families, meal subsidies would be discontinued in school lunch and breakfast programs and child care facilities. This proposal would save an estimated $634 million in 1987 outlays. Summer feeding program reimbursements would be made consistent with those for the other child nutrition programs, for an estimated 1987 outlay savings of $19 million.

The special supplemental food program for women, infants, and children (WIC) will provide nutritious food supplements every month to approximately three million low-income women and their young children in 1987. It is designed to lessen health problems associated with inadequate diets during critical stages of child development. The administration is requesting $1.6 billion in budget authority in 1987, $57 million above the 1986 level.

Related food assistance programs in other functions.—The Commodity Credit Corporation (CCC) donates surplus food, such as cheese, butter, and nonfat dry milk, for distribution to food banks, charitable institutions, and schools. Acquired as part of the agricultural price support programs, CCC commodities valued at $1.2 billion are expected to be donated in 1987. In addition, the Department of Health and Human Services administers a nutrition program for the elderly with estimated 1987 outlays of $0.4 billion, described in the social services subfunction.

Other income security.—A number of other income security programs assist the poor. Estimated outlays for these programs are $23.3 billion in 1987.

Supplemental security income (SSI).—This program will make cash payments to an estimated four million needy aged, blind, or disabled persons in 1987. Benefits are to be automatically increased in January 1987 by the same percentage as social security benefits. Federal outlays in 1987 are estimated at $10.5 billion. Some States also finance supplements to the basic Federal grant, which may be administered by the Federal Government at no charge to the States. The administration proposes minor reforms to eliminate unintended duplicative payments to some SSI beneficiaries.

AFDC and child support enforcement.—Aid to families with dependent children (AFDC) helps State and local governments finance cash assistance to needy families. States administer the AFDC program, determining guidelines for eligibility and the level of benefits within broad Federal rules. The Federal Government reimburses States for, on average, slightly more than half of the benefit costs. Child support enforcement (CSE) finances most State and local administrative expenses for establishing paternity and collecting support from legally liable absent parents. These collections offset State and Federal AFDC costs. Federal outlays for AFDC and CSE are estimated to be $8.9 billion in 1987, compared with $9.7 billion in 1986. About 3.7 million families are expected to receive AFDC benefits in 1987 under current law. Child support collections on behalf of about 0.7 million of these families are also anticipated.

The administration continues to support legislation to achieve selected reforms of AFDC. Legislation is proposed to require that employable AFDC applicants and recipients engage in job search and work activities as a condition of AFDC eligibility. The unsuccessful work incentive (WIN) program—classified in the education, training, employment, and social services function—would be replaced. Other reforms would prohibit unmarried minor mothers from leaving their parents' home solely to qualify for AFDC, and would eliminate payments to employable AFDC parents whose youngest child is age 16 or older.

In addition, the administration proposes legislation to reform Federal funding for State and local administrative and training costs in AFDC. A uniform 50% Federal matching rate for all types of administrative costs would be phased in over several years, replacing the complicated and disparate set of matching rates that is now in place for various types of State overhead costs. Similar changes are proposed for medicaid (discussed in the health function) and food stamps. Comparable changes to computer-related and other State funding in child support enforcement are also proposed.

These AFDC and CSE reforms would save an estimated $278 million in Federal outlays in 1987 and a comparable amount in State and local costs.

Earned income tax credit (EITC).—Wage earners with children are eligible for tax credits if they earn less than $11,000. When the credit exceeds a wage earner's income tax liability, the Treasury Department makes a cash payment. Credits can be received as additions to paychecks or as a lump sum at the end of the year. Total 1987 outlays for these payments are estimated to be $1.2 billion. When the credit does not exceed the wage earner's tax liability, no direct Treasury payment is made and the credit is considered a tax expenditure rather than an outlay. In 1987, EITC tax expenditures are estimated to be $300 million.

Refugee assistance.—The Federal Government fully subsidizes States for initial costs associated with refugee and entrant resettlement, including preventive health activities, cash and medical assistance, employment, and English language training. Estimated 1987 outlays are $343 million. Assistance is intended to help refugees become self-sufficient as soon as possible after they arrive in the United States. Aid to refugees while they are overseas is discussed in the international affairs function.

The administration proposes that, beginning in 1987, all refugee cash and medical assistance be funded through the refugee assistance account under eligibility rules tailored to refugee circumstances. This will enable resettlement organizations to better meet the needs of the refugee population and encourage early self-sufficiency. While this proposal increases the budget authority for the refugee program, a corresponding decrease in budget authority would occur in medicaid and AFDC. In addition, the Federal Government would reduce subsidies to States for cash and medical assistance provided to refugees, without reducing benefits provided to refugees. States would pick up a greater share of the costs.

Low-income home energy assistance.—The Department of Health and Human Services gives States block grants to help pay the fuel bills of low-income families. States can make direct cash payments to eligible families, payments to fuel vendors, or payments to public housing building operators. The States may also finance weatherization of homes for some low-income families. For 1987, the administration proposes to continue the 1986 (pre-sequestration) budget authority level of $2.1 billion. Related programs for low-income home weatherization and energy conservation for schools and hospitals are financed by the Department of Energy, and are discussed in the energy function.

Tax expenditures.—Federal tax laws encourage provision for retirement income by excluding from employee taxable income their employer's contributions and by allowing individuals to exclude their own contributions to individual retirement accounts (IRAs) and Keogh accounts. The maximum IRA contribution is limited to $2,000 annually. However, married taxpayers whose spouses have no earnings may invest in a spousal IRA as well. The total invested in both accounts may not exceed $2,250, with no more than $2,000 in any single account.

Many tax expenditures related to income security programs result from Government benefits not being included in the taxable income of recipients. For example, workers' compensation benefits, unemployment compensation received by lower-income taxpayers, and other income security assistance for the needy are excluded from taxable income. In contrast, Federal employee retirement benefits are subject to tax; therefore, the receipt of such benefits does not result in a tax expenditure. The largest tax expenditure item in this function is the net exclusion of pension contributions and earnings, including contributions to IRAs and similar pension plans.

TAX EXPENDITURES FOR INCOME SECURITY

(Outlay equivalents; in millions of dollars)

Description	Estimates		
	1985	1986	1987
Net exclusion of pension contributions and earnings:			
Employer plans	71,065	78,190	86,755
Individual Retirement Accounts (IRAs)	18,685	21,090	22,925
Keogh plans	3,385	3,730	4,140
Exclusion of other employee benefits:			
Premiums on group term life insurance	2,765	2,990	3,225
Premiums on accident and disability insurance	175	170	175
Income of trust to finance supplementary unemployment benefits	20	30	30
Additional exemption for elderly	3,040	3,340	3,675
Additional exemption for the blind	35	40	40
Tax credit for the elderly and disabled	110	110	115
Exclusion of military disability pensions	120	125	125
Exclusion of railroad retirement system benefits	445	455	460
Exclusion of special benefits for disabled coal miners	150	145	145
Exclusion of workmen's compensation benefits	2,325	2,500	2,685
Exclusion of untaxed unemployment insurance benefits	1,115	995	940
Deductibility of casualty losses	295	335	375
Exclusion of public assistance benefits	545	580	605
Earned income credit [1]	345	330	300
Total (after interactions) income security [2]	102,780	113,135	124,465

[1] The figures in the table indicate the tax subsidies provided by the earned income tax credit. The effect on outlays is: 1985 $1,100 million, 1986 $1,283 million, 1987 $1,228 million.

[2] The estimate of total tax expenditures for this function reflects interactive effects among the individual items. Therefore the estimates cannot simply be added.

SOCIAL SECURITY

The Federal Government contributes to the income security of aged and disabled Americans through social security, which is comprised of the old-age and survivors insurance (OASI) and the disability insurance (DI) programs. Social security represents about one-fifth of estimated total Federal outlays in 1987 and provides benefits to one in every six Americans. As a result of the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177), the receipts and outlays of the OASI and DI trust funds are now off-budget and are exempt from any general budget limitation imposed by statute.

Social security affects most Americans, either through benefits received or through payroll taxes deducted from earnings. In almost all cases, beneficiaries paid into the system during their working years to help support these programs. Outlays for the combined OASDI programs are estimated to increase from $200 billion in 1986 to $212 billion in 1987, primarily because of benefit increases tied to the Consumer Price Index and increases in the number of beneficiaries.

The administration is proposing to require accelerated deposit of State and local government social security contributions. This proposal, which would increase budget authority, is discussed in Part 4, "Federal Receipts by Source."

This function is composed not only of the two off-budget social security expenditure accounts, but of a number of intragovernmental transactions (i.e., payments from accounts within the Government to other accounts within the Government). The principal intragovernmental transactions are the payments from the general fund to the social security trust funds, which in 1987 amount to an estimated $6.4 billion of Federal fund outlays and trust fund offsetting collections. Prior to the enactment of the social security amendments of 1983, the general fund payments were primarily to reimburse the trust funds for paying benefits for unfunded military service and to certain elderly persons. In 1984, several other payments were added:

1. Social security employment tax (FICA) increases due to occur in 1985 were advanced to 1984, but only the employer share actually was paid—the increased employee share was paid by the general fund rather than by the employees.
2. Social security self-employment taxes (SECA) were raised to equal the combined employer-employee rate, but the increase is being phased in. The general fund is paying an amount equal to the difference between the actual SECA revenues and those that would have been raised if SECA were at the combined employee-employer FICA rate.

NATIONAL NEED: SOCIAL SECURITY

(Functional code 650; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Social security:					
Old-age and survivors insurance—Off-budget:					
Existing law	177,558	181,319	207,996	236,933	258,746
Proposed legislation			289	245	896
Old-age and survivors insurance—On-budget	−1,928	−1,007	−602	−614	−533
Disability insurance—Off-budget:					
Existing law	20,602	22,383	20,218	22,722	24,602
Proposed legislation			28	22	87
Disability insurance—On-budget	−69	−60	−58	−59	−51
Interfund transactions (Off-budget)	−7,187	−9,117	−6,363	−7,074	−7,803
Interfund transactions (On-budget)	10,525	5,897	6,363	7,074	7,803
Total, budget authority	**199,501**	**199,415**	**227,871**	**259,249**	**283,747**
On-budget	*(8,527)*	*(4,830)*	*(5,702)*	*(6,401)*	*(7,219)*
Off-budget	*(190,973)*	*(194,586)*	*(222,168)*	*(252,848)*	*(276,528)*
OUTLAYS					
Social security:					
Old-age and survivors insurance—Off-budget	171,249	180,715	191,784	204,781	217,600
Old-age and survivors insurance—On-budget	−1,928	−1,007	−602	−614	−533
Disability insurance—Off-budget	19,372	20,406	21,088	21,961	22,931
Disability insurance—On-budget	−69	−60	−58	−59	−51
Interfund transactions (Off-budget)	−7,187	−9,117	−6,363	−7,074	−7,803
Interfund transactions (On-budget)	7,187	9,117	6,363	7,074	7,803
Total, outlays	**188,623**	**200,053**	**212,213**	**226,070**	**239,947**
On-budget	*(5,189)*	*(8,050)*	*(5,702)*	*(6,401)*	*(7,219)*
Off-budget	*(183,434)*	*(192,004)*	*(206,510)*	*(219,669)*	*(232,728)*

3. Traditionally, social security benefits were exempt from taxable income for computing income tax liabilities. However, the social security amendments of 1983 eliminated this exemption for only half of benefits over specified levels, and provided that the estimated accrued income tax liabilities on these benefits be paid by the general fund to the social security trust funds. Additionally, certain foreigners living abroad collect social security benefits, but as nonresidents they are not subject to Federal income taxes on the benefits. In these cases 15% of the benefits are withheld and returned to the Treasury. These receipts have been reclassified as noted in Part 6a, "Perspectives on the Budget."

Other intragovernmental offsetting collections included in this function are interest income paid by OASI to the (on-budget) general fund and to the hospital insurance trust fund, and off-budget interest paid to DI by OASI.

Tax Expenditures.—The exclusion from income tax of a portion of social security benefits, including those for dependents and survivors, results in a 1987 estimated tax expenditure of $19.5 billion. Up to one-half of social security benefits are subject to tax. This provision affects single taxpayers whose incomes exceed $25,000, and married taxpayers who file jointly and have incomes exceeding $32,000. The threshold for married taxpayers filing separately is zero.

Related programs.—As discussed in the income security function above, the administration is proposing two initiatives to correct unintended subsidies to the rail sector that are financed by the social security program. First, the Secretary of Health and Human Services would conduct continuing reviews of the railroad retirement disability rolls. Second, the rail sector equivalent of workers' compensation, provided under the Federal Employers' Liability Act, would be treated like regular workers' compensation and payments would be offset against disability payments.

VETERANS BENEFITS AND SERVICES

Federal benefits and services for veterans and their survivors recognize the sacrifices that wartime and peacetime veterans made in military service. Benefits compensate for presumed loss of earnings resulting from service-related disabilities, provide medical care for physical and psychological disabilities, and assist returning veterans to prepare themselves for civilian life. In addition, veterans benefits provide financial assistance to needy veterans of wartime service and their survivors. Outlays for veterans benefits and services are estimated at $26.6 billion in 1986 and $26.4 billion in 1987.

The budget proposes two major reforms that would better target Veterans Administration (VA) benefits and resources to veterans injured during military service and to low-income veterans. First, a comprehensive reform of medical care eligibility would sustain quality care, while maintaining medical care at no charge to veterans with service-connected disabilities and lower-incomes. Second, the budget proposes to restructure and enhance long-term care policy to make greater use of VA-sponsored State and community nursing home care programs and non-institutional programs.

Income security for veterans.—In addition to Federal income security programs for the general population, such as social security and unemployment insurance, several VA programs help certain veterans and their survivors maintain their income when the veteran is disabled, aged, or deceased. Outlays for this purpose are estimated to increase from $15.1 billion in 1986 to $15.4 billion in 1987.

Service-connected compensation.—Veterans with disabilities resulting from military service receive monthly compensation payments scaled to the degree of disability. The payment is made regardless of the veteran's income or age. The amount depends on the average reduction in earnings capacity that is presumed for different individuals with the same degree of disability. Survivors of veterans who die from service-connected injuries also receive payments in the form of death and indemnity compensation. In 1986, benefits were increased by 3.1%. The administration is proposing legislation for a 3.7% cost-of-living increase in compensation benefits, the same as the increase proposed for social security, effective with the January 1987 payments. Allowances provided to compensate beneficiaries for dependents and clothing would be adjusted similarly.

The number of veterans and survivors of deceased veterans receiving compensation benefits is expected to decline from 2.6 million in 1985 to 2.5 million by 1989. However, because of the proposed cost-of-living adjustment, outlays for compensation benefits are estimated to increase from $10.5 billion in 1986 to $10.7 billion in 1987.

Non-service-connected pensions.—Pensions are provided to low-income, wartime-service veterans—combat and non-combat veterans alike—who are 65 or older, or who have become permanently and totally disabled subsequent to their military service. Survivors of wartime-service veterans also may qualify for pension benefits based on financial need. A 3.1% cost-of-living increase became effective with the January 1986 payments. The next cost-of-living increase, effective with the January 1987 payments, is estimated to be 3.7%.

Although the number of veterans age 65 and over is expected to double during the 1980's, the number of pension recipients is expected to decline from 1.4 million in 1986 to 1.3 million in 1987, because veterans over age 65 increasingly have higher incomes. Outlays for veterans pensions are estimated at $3.8 billion in both 1986 and 1987.

Burial and other benefits.—Families of deceased veterans who received pension or compensation benefits and who are to be buried in private cemeteries may receive burial benefits to assist in defraying funeral expenses. Legislation will be proposed to similarly target existing allowances that apply toward the purchase of burial plots to families of these same veterans. Because of this change, outlays for burial and related benefits are estimated to decrease from $128 million in 1986 to $103 million in 1987.

Insurance programs.—The budget assumes that life insurance programs that assist veterans and their survivors will continue to provide in excess of $150 billion of coverage to nearly eight million veterans and active duty personnel in 1987. Direct loan obligations, in which a veteran's life insurance policy is used as collateral, are expected to increase slightly from $124 million in 1986 to $127 million in 1987.

Veterans education, training, and rehabilitation.—Several Federal programs support job training and finance education for the general population including veterans, and several programs are run by the Department of Labor exclusively for veterans. In addition, two VA programs—the GI bill and the post-Vietnam era education program—provide education, training, and rehabilitation benefits to veterans and military personnel who meet specific eligibility criteria. A new test program, the all-volunteer force educational assistance program, provides education and training after military discharge to new recruits who enrolled after July 1985. Outlays for these programs are estimated to decline from $633 million in 1986 to $553 million in 1987 because of a continued decline in the number of eligible beneficiaries.

NATIONAL NEED: PROVIDING VETERANS BENEFITS AND SERVICES

(Functional code 700; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Income security for veterans:					
Service-connected compensation:					
Existing law	10,232	10,465	10,406	10,294	10,173
Proposed legislation	....	....	306	737	1,125
Non-service-connected pensions	3,810	3,834	3,824	3,853	3,863
Burial and other benefits:					
Existing law	133	128	134	137	140
Proposed legislation	....	....	−31	−33	−35
National service life insurance trust fund	1,305	1,361	1,393	1,402	1,391
All other insurance programs	33	29	22	27	25
Insurance program receipts	−423	−438	−438	−435	−431
Subtotal, Income security for veterans	15,089	15,378	15,616	15,981	16,252
Veterans education, training, and rehabilitation:					
G.I. Bill:					
Existing law	1,131	878	741	649	596
Proposed legislation	....	....	....	....	−9
Post-Vietnam era education:					
Existing law	....	....	....	....	....
Proposed legislation	....	....	....	....	....
All-volunteer force educational assistance trust fund:					
Existing law	49	138	79	31	−24
Proposed legislation	....	....	−155	−18	38
Subtotal, Veterans education, training, and rehabilitation	1,180	1,015	665	662	602
Veterans housing:					
Loan guaranty revolving fund	307	200	....	....	....
Housing program receipts	−*	....	....	....	....
Subtotal, Veterans housing	306	200	....	....	....
Other veterans benefits and services:					
Cemeteries, administration of veterans benefits and other:					
Existing law	770	729	777	798	799
Proposed legislation	....	....	1	1	1
Non-VA support programs	57	66	61	59	65
Subtotal, Other veterans benefits and services	828	796	839	858	865
Hospital and medical care for veterans:					
Medical care and hospital services:					
Existing law	8,941	9,130	9,084	9,076	9,049
Proposed legislation	....	....	2	4	6
Construction	803	637	451	746	748
Medical administration, research, and other	261	233	232	232	232
Third party reimbursement (proposed)	....	−10	−188	−265	−275
Subtotal, Hospital and medical care for veterans	10,005	9,990	9,581	9,792	9,759
Total, budget authority	**27,408**	**27,379**	**26,702**	**27,294**	**27,478**

*$500 thousand or less.

GI bill.—The GI bill provides education benefits—ranging from college courses to vocational and on-the-job training—to veterans and active duty military personnel who served, at least in part, between February 1, 1955 and December 31, 1976. This program

NATIONAL NEED: PROVIDING VETERANS BENEFITS AND SERVICES

(Functional code 700; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
Income security for veterans:					
Service-connected compensation:					
Existing law	10,228	10,468	10,415	10,302	10,183
Proposed legislation	....	....	275	700	1,094
Non-service-connected pensions	3,842	3,835	3,825	3,851	3,861
Burial and other benefits:					
Existing law	133	128	134	137	140
Proposed legislation	....	....	-31	-33	-35
National service life insurance trust fund	956	1,067	1,170	1,200	1,246
All other insurance programs	-22	50	15	5	21
Insurance program receipts	-423	-438	-438	-435	-431
Subtotal, Income security for veterans	14,714	15,110	15,366	15,727	16,078
Veterans education, training, and rehabilitation:					
G.I. Bill:					
Existing law	1,174	910	755	660	605
Proposed legislation	....	....	....	....	-9
Post-Vietnam era education:					
Existing law	-108	-211	-76	-41	-108
Proposed legislation	....	....	-59	-101	-12
All-volunteer force educational assistance trust fund:					
Existing law	-8	-110	-116	-81	60
Proposed legislation	....	....	50	128	6
Veterans jobs program	69	49	5	....	....
Other:					
Existing law	-6	-7	-7	-7	-7
Proposed legislation	....	....	-*	-*	-*
Subtotal, Veterans education, training, and rehabilitation	1,120	633	553	559	536
Veterans housing:					
Loan guaranty revolving fund:					
Existing law	278	285	149	45	18
Proposed legislation	....	....	-132	-146	-227
Direct loan revolving fund	-41	-45	-43	-38	-35
Other (HUD participation sales trust fund)	-24	-22	-24	159	....
Housing program receipts	-*	....	....	....	....
Subtotal, Veterans housing	214	219	-50	20	-245
Other veterans benefits and services:					
Cemeteries, administration of veterans benefits and other:					
Existing law	710	725	774	796	796
Proposed legislation	....	....	1	1	1
Non-VA support programs	48	60	56	65	63
Subtotal, Other veterans benefits and services	758	785	831	862	860
Hospital and medical care for veterans:					
Medical care and hospital services:					
Existing law	8,722	9,067	8,961	8,967	8,940
Proposed legislation	....	....	2	4	6
Construction	542	575	713	816	744
Medical administration, research, and other	283	240	232	232	232
Third party reimbursement (proposed)	....	-10	-188	-265	-275
Subtotal, Hospital and medical care for veterans	9,547	9,872	9,720	9,753	9,647
Total, outlays	**26,352**	**26,619**	**26,420**	**26,921**	**26,877**

*$500 thousand or less

assists beneficiaries in making the transition from military to civilian life by helping them finance the education they might otherwise have received during the time they were in military service. These benefits are also available to active duty personnel and to spouses and children of veterans who were totally disabled in military service or died of service-connected conditions.

More than 80% of all eligible Vietnam era veterans who live in the United States or Puerto Rico have used GI bill benefits. In 1987, GI bill trainees participating in the program are expected to total 252,200, compared with 321,100 in 1986. The number of GI bill trainees, including dependents, will continue to fall in the future as the number of eligible veterans and military personnel becomes smaller.

Post-Vietnam era education.—Individuals who entered military service after 1976 and before July 1985 are eligible for the post-Vietnam era education program, which allows them to set aside $25 to $100 from their monthly pay to finance future education. These funds are matched by the Government on a two-for-one basis and are returned to the beneficiary as education payments after discharge from the military. The VA administers this program, but it is funded by the Department of Defense (DOD). Enrollment in this program was closed in July 1985 and will remain closed while the all-volunteer force educational assistance test program is in effect. Legislation will be proposed to reopen this program to provide appropriate education benefits to veterans upon curtailment of the test program, as described below.

All-volunteer force educational assistance program.—As a recruiting incentive, the Department of Defense Authorization Act of 1984 (P.L. 98-525) established a test education program with a larger Federal contribution for individuals who enter the military between July 1985 and July 1988. An individual who chooses to enroll upon entering the military will have $100 deducted from his or her monthly pay for 12 months. Upon completion of 3 years of service, the individual is entitled to a basic monthly educational assistance rate of $300 per month for up to 3 years, to be paid for with funds appropriated to the VA. DOD may fund—and VA administer—additional educational assistance to retain military personnel or to help recruit individuals with critical skills or specialties. Because the Secretary of Defense has determined that this program is unnecessary for recruitment, the administration is proposing legislation to terminate this costly test program as of October 1, 1986, and reopen the post-Vietnam era education program. This legislation affects both the GI bill account, which funds VA's portion of the payment, and the all-volunteer force education assistance trust fund, which pays DOD's portion.

Veterans housing.—In addition to mortgage assistance available to veterans through the Federal Housing Administration (FHA) insurance program, VA guaranteed and direct loan programs are expected to assist 216,000 veterans in obtaining mortgages in 1987. Guaranteed loan commitments and direct loan obligations for mortgage loans in 1987 are estimated at $14.7 billion and $1.0 billion, respectively.

The administration is proposing to charge origination fees for participation in Federal credit programs. These fees would be large enough to cover servicing costs and provide reserves against future default losses. In line with this initiative, legislation is being proposed to increase the fee charged on VA-guaranteed housing loans and vendee loans (direct loans made to both veterans and nonveterans who purchase property that the VA has acquired through prior defaults) from the current 1% to 2% of the mortgage amount in 1987, increasing to 3.8% by 1990. The borrower would be able to add this amount to the mortgage. Veterans with service-connected disabilities would continue to be exempt from the fee. This change would be effective in October 1986. The administration will continue to seek enactment of its proposal to permit negotiated interest rates on VA-guaranteed mortgages.

CREDIT PROGRAMS—VETERANS BENEFITS AND SERVICES

(In millions of dollars)

	Actual 1985	Estimate			
		1986	1987	1988	1989
Direct loans:					
Income security:					
New obligations	123	124	127	135	137
Change in outstandings	−57	−50	−35	−23	−17
Outstandings	1,250	1,199	1,164	1,141	1,124
Education:					
New obligations	1	1	1	1	1
Change in outstandings	−5	−5	−5	−5	−5
Outstandings	52	47	42	37	32
Mortgage insurance and other housing programs:					
New obligations	965	1,001	1,038	937	846
Change in outstandings	126	216	202	150	131
Outstandings	1,360	1,577	1,778	1,928	2,059
Total, direct loans:					
New obligations	1,090	1,126	1,166	1,073	984
Change in outstandings	65	161	161	122	108
Outstandings	2,662	2,823	2,985	3,107	3,215
Guaranteed loans:					
Mortgage insurance and other housing programs:					
New commitments	12,140	12,299	14,715	14,564	14,440
Change in outstandings	5,206	5,799	7,931	7,502	7,133
Outstandings	130,596	136,395	144,327	151,829	158,962
Total, new obligations and new commitments	**13,229**	**13,425**	**15,881**	**15,638**	**15,424**

Other veterans benefits and services.—Veterans benefits are provided through a network of 59 regional offices located throughout the Nation. The budget proposes that VA undertake a modernization of its operations to improve cost-effectiveness, accuracy and timeliness of service delivery to veterans.

Several other initiatives are included in the budget to improve the management of veterans benefits. These include making better use of contractor support for services that business can provide more efficiently, and achieving a return on the Federal Government's investment in automated data processing equipment in the form of a decrease in the number of administrative staff, as this equipment increases staff productivity.

Management of the national cemetery system—for eligible veterans, active duty military personnel, and their dependents—is also included in this subfunction. Over 100 national cemeteries are open throughout the Nation. The policy goal of providing one large national cemetery per Federal region has now been attained.

Outlays for other veterans benefits and services are estimated to be $0.8 billion in both 1986 and 1987.

Hospital and medical care for veterans.—The VA provides medical services, including hospital, outpatient and nursing home care, to veterans by operating a nationwide medical care system. In 1987, this system will provide support for an estimated 18 million outpatient visits and treat 1.3 million inpatients in VA and community facilities. This program is carried out in 172 hospitals, 228 outpatient clinics, 119 nursing homes, 16 domiciliary facilities, and in other Federal facilities and the private sector. Outlays for medical programs (which exclude third party reimbursement) are estimated to be $9.9 billion in both 1986 and 1987.

Medical care and hospital services.—VA's primary health care mission is to treat veterans who were injured during military service for their service-connected disabilities. Currently, most of the system's users are either veterans with service-connected disabilities or low-to-moderate-income veterans. However, many users with no service-related disabilities have a higher income level and should be able to defray some or all of the costs of their medical care. This is especially true for younger veterans who are active in the workforce and participate in private health insurance plans, and for some veterans over 65, most of whom are eligible for medicare. Therefore, the administration will continue to seek enactment of its comprehensive reform of eligibility for VA medical care. This reform would allow VA to sustain quality care for the most deserving veterans—primarily those with service-connected disabilities and those without resources to defray all or part of their health care expenses.

Under this reform, VA would continue to provide medical care for veterans, giving the highest priority to veterans with service-connected disabilities. Medical care would also be continued on a space-available basis for special service category veterans, VA pensioners, and veterans, regardless of age, with incomes below twice the VA pension income standard ($15,420 for a family of two, $19,416 for a family of four). (Special service category veterans are former prisoners of war, Vietnam war veterans exposed to certain herbicides (Agent Orange veterans), veterans exposed to ionizing radiation during service (Atomic testing veterans), etc.) Higher-income veterans could use VA facilities after they first used some of their own resources to purchase medical care in the private sector.

The administration will continue to seek enactment of its proposal to require reimbursement from veteran-held private insurance plans for VA-sponsored care provided to veterans without service-connected disabilities. Health insurance premiums are currently established to cover the insured individual, regardless of veteran status and regardless of any individual veteran's choice of health care provider. Allowing the Government to recover costs would properly shift the burden of paying for VA care of veterans without service-connected disabilities from taxpayers to insurance companies and their policy holders with only minimal effects on premiums.

As the veteran population ages, the demand for long-term care, especially among veterans over age 75, is likely to rise. The budget proposes to restructure and enhance VA's long-term care policy by increasing resources for non-institutional care programs, which would enable veterans to remain at home when appropriate, and for VA-supported State and community nursing home programs, which are less costly than VA-owned nursing homes. This initiative would move toward the goal of a nursing home care provider mix on a national basis of 30% VA-owned, 40% community, and 30% State, from the current 40%, 40% and 20%, respectively. By providing a greater share of care through VA-sponsored community and State programs, VA-provided nursing home care can continue to be expanded at a significantly lower cost. The budget provides for an increased daily census in community and State nursing home programs, and provides funding for adult day health care on a contract basis. Four new hospital based home care (HBHC) programs would also be funded, and legislation will be proposed to contract for HBHC. Requested increases in the grants to States for construction of State veterans facilities (as described below) are part of the long-term care policy.

VA-owned nursing home beds will continue to increase as previously funded construction projects are completed and excess hospital beds are identified and converted to nursing home use. In some geographic areas, situations may arise in future years that warrant constructing additional VA-owned nursing homes.

As a result of improvements in medical service delivery, 1% fewer staff will be required to treat the same number of patients. Travel funds for beneficiaries will be targeted to continue to provide for emergency travel needs of veterans who need special transportation, such as an ambulance or a wheelchair van, to get to a VA hospital. To ensure adequate funding for operations of both existing and newly built facilities, budget authority of $9.1 billion is requested for medical care and hospital services in 1987.

Construction of hospital and extended care facilities.—New budget authority of $408 million is requested for VA medical construction in 1987. An additional $57 million is available from prior-year appropriations, bringing the total construction program level to $465 million.

The budget proposes to maintain and upgrade the full network of medical facilities throughout the Nation and, in specific geographic areas, expand capabilities and bed space. Rather than defer maintenance, renovation, and modification of older facilities, the budget continues funding to maintain and upgrade the physical system. Budget authority of $301 million is requested to support 10 major projects and other maintenance, safety correction, and design activities.

The budget proposes to continue the average rate of construction over the last 10 years, replacing or modernizing two large hospitals each year. In 1987, construction funds are proposed for two large hospital projects in Augusta, Georgia and Baltimore, Maryland. It is expected that another two hospital projects will be funded in 1988. Funding in 1987 is also requested for a clinical improvement project in Salem, Virginia.

As part of the long-term care initiative, budget authority of $42 million is requested for 1987 for grants to States for the construction or repair of State homes for the care of aging veterans. This increase of $21 million is more than double the 1986 level and will enable VA to support 16 grants in 8 States, increasing the total number of States participating by 2, for a total of 36. This increase in funding and the shift in VA's long-term care policy should encourage non-participating States to apply for future construction grants to care for the veterans in their State.

Tax expenditures.—In addition to direct Federal funding, a number of tax expenditures provide assistance to veterans. All cash benefits administered by the Veterans Administration (disability compensation, pension, and GI bill benefits) are excluded from taxable income. The estimated tax expenditures for these exclusions in 1987 are $1.8 billion, $190 million, and $80 million, respectively. Veterans are aided in obtaining housing through veterans bonds issued by State and local governments, the interest of which is not subject to tax. In 1987, the tax expenditure estimate for this provision is $295 million. Total tax expenditures for veterans are estimated to be $2.3 billion for 1987.

Related programs.—In addition to the assistance provided specifically for veterans by the VA, many veterans receive assistance from other income security, health, housing credit, education, training, employment, and social service programs supported by the Federal Government and available to the general population, as well as preference for Federal jobs. Some of these programs have components specifically intended to assist veterans.

ADMINISTRATION OF JUSTICE

A fundamental responsibility of the Federal Government is to provide for the safety of its people and for the peaceful and fair resolution of disputes. The purposes of Federal expenditures for the administration of justice are to protect persons and property through enforcement of Federal laws, to provide Federal courts to resolve disputes, to defend the public interest in criminal and civil proceedings, and to operate detention and correctional facilities for those charged with or convicted of violating Federal law. The proposed budget authority for 1987 for this function is $7.1 billion, a $0.5 billion increase from the 1986 level.

Federal law enforcement activities.—As in past years, over half of the total Federal resources for the administration of justice is dedicated to law enforcement activities. Proposed budget authority of $3.9 billion in 1987 will maintain current activities in priority areas and provide additional resources to increase foreign counterintelligence and drug enforcement activities and upgrade computer and communications capabilities.

Criminal investigations.—Criminal investigations are mainly carried out in the Justice Department by the Federal Bureau of Investigation (FBI) and the Drug Enforcement Administration (DEA). They frequently work together with other Federal agencies in 13 regional organized crime drug enforcement (OCDE) task forces and have concurrent jurisdiction to combat drug trafficking.

In addition, the FBI enforces a broad range of criminal statutes, works with other Federal agencies, as well as State and local authorities when appropriate, and assists States and localities through training, dissemination of information, and other activities. Additional funding is being requested in 1987 to increase the FBI's foreign counterintelligence activities for the fourth consecutive year. In addition, $12 million is requested to develop artificial intelligence computer capability to support counterterrorism investigations and investigations of labor racketeering and narcotics violations. Over $27 million is requested for both the FBI and DEA to purchase additional voice privacy radios, and funding for 80 additional drug enforcement agents is requested for the DEA.

Budget authority requested for criminal investigations for 1987 is $1,690 million, an increase of 11% over the 1986 level.

Border enforcement activities.—The Immigration and Naturalization Service (INS) administers laws related to the admission, exclusion, deportation and naturalization of aliens. A new 1,000-bed detention center for illegal aliens, a joint venture by the Bureau of Prisons and the Immigration and Naturalization Service, is sched-

NATIONAL NEED: ADMINISTRATION OF JUSTICE

(Functional code 750; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Federal law enforcement activities:					
Criminal investigations (DEA, FBI and OCDE)	1,526	1,522	1,690	1,737	1,751
Alcohol, tobacco, and firearms investigation (ATF)	172	167	178	181	184
Border enforcement activities (Customs and INS)	1,317	1,303	1,357	1,376	1,393
Protection activities (Secret Service)	304	293	319	337	330
Other enforcement:					
Existing law	390	372	391	396	401
Proposed legislation	....	....	7	7	7
Subtotal, Federal law enforcement activities	3,709	3,657	3,943	4,034	4,066
Federal litigative and judicial activities:					
Civil and criminal prosecution and representation:					
Existing law	827	857	979	1,004	1,024
Proposed legislation	....	....	3	....	....
Federal judicial activities	1,063	1,055	1,252	1,299	1,324
Representation of indigents in civil cases	313	292	....	....	....
Subtotal, Federal litigative and judicial activities	2,204	2,205	2,234	2,304	2,348
Federal correctional activities	599	588	758	657	701
Criminal justice assistance	220	179	184	186	188
Total, budget authority	**6,733**	**6,629**	**7,119**	**7,180**	**7,303**
OUTLAYS					
Federal law enforcement activities:					
Criminal investigations (DEA, FBI and OCDE)	1,479	1,568	1,652	1,706	1,716
Alcohol, tobacco, and firearms investigation (ATF)	169	164	174	178	180
Border enforcement activities (Customs and INS)	1,214	1,334	1,341	1,335	1,349
Protection activities (Secret Service)	300	295	311	331	324
Other enforcement:					
Existing law	365	360	376	382	385
Proposed legislation	....	....	4	7	7
Subtotal, Federal law enforcement activities	3,526	3,721	3,857	3,938	3,961
Federal litigative and judicial activities:					
Civil and criminal prosecution and representation:					
Existing law	783	820	930	955	975
Proposed legislation	....	....	3	....	....
Federal judicial activities	981	1,087	1,228	1,271	1,295
Representation of indigents in civil cases	300	301	38	....	....
Subtotal, Federal litigative and judicial activities	2,064	2,208	2,199	2,226	2,270
Federal correctional activities	537	646	681	717	708
Criminal justice assistance	150	213	211	130	122
Total, outlays	**6,277**	**6,788**	**6,948**	**7,011**	**7,061**

uled to open in 1986 in Oakdale, Louisiana. For 1987, the administration proposes a continuation of immigration activities at the 1986 level.

The United States Customs Service administers laws regarding assessment and collection of customs duties, excise taxes, fees and penalties on imported merchandise; stops and seizes contraband;

and processes persons, carriers, cargo and mail into and out of the United States. In 1987, the Administration is continuing its efforts to seek efficiencies and economies of Customs activities throughout the country.

Budget authority for border enforcement activities is proposed to be $1.4 billion in 1987.

Federal litigative and judicial activities.—The Department of Justice prosecutes all of the Federal Government's criminal cases and litigates most of its civil cases.

Civil and Criminal prosecution and representation.—Budget authority for civil and criminal prosecution and representation is proposed to be $982 million in 1987, $125 million higher than 1986. Among the administration's continued efforts in this area are:

- defense of the tens of thousands of civil suits filed annually against the Government and its officials;
- enforcement of organized crime and drug statutes;
- strengthening efforts to combat fraud, waste, and abuse, as well as recovering the billions of dollars in delinquent debt owed the Government.

Federal judicial activities.—By law, budget requests from the judiciary are included in the budget without change by the executive branch. The U.S. Courts have proposed budget authority of $1,252 million in 1987 for judicial branch activities in this function, a $197 million increase over the 1986 level.

Representation of indigents in civil cases.—The Legal Services Corporation is a private, non-profit organization that funds State and local agencies providing free civil legal assistance to the poor. Grantees are currently involved in cases both for individual clients and in broader "law reform" activities.

The administration again proposes that the Corporation not be reauthorized and that no further separate Federal funding be provided. The social services block grant, which is discussed in the education, training, employment, and social services function, includes adequate authority to fund legal services activities through State and local governments. In addition, State and local bar associations have developed programs to provide free assistance to indigent clients, and these efforts are expected to continue to grow, consistent with private attorneys' ethical obligations to provide such free services.

Federal correctional activities.—The Federal Government is responsible for the care and custody of prisoners charged with or convicted of violating Federal laws. In response to the continuing growth of the Federal prisoner population, three new prisons are proposed for construction in 1987. One is to be located in the Southeast, one in the Northwest, and one in the Northeast. In addition, renovation and expansion projects proposed in this budget will further increase and improve existing facilities. Budget authority requested for correctional activities in 1987 is $758 million, a 29% increase from the 1986 level.

Criminal justice assistance.—Criminal justice assistance is provided through several programs. For example, the missing and exploited children program provides targeted technical assistance and grants to State and local organizations, and the victims compensation and assistance program provides grant aid to State and local governments for programs that assist the victims of crime.

Although the Congress has continued to fund the juvenile justice and delinquency prevention programs, the administration is again requesting that no new budget authority be provided for these programs because their primary objective—the separation of juvenile from adult offenders—has largely been accomplished. In addition, $67 million in prior-year unobligated balances are proposed for rescission. The administration is also proposing that funding for the State and local assistance program be ended and $50 million in unobligated balances be rescinded since the States can better afford to pay for these programs than can the Federal Government and because it is the States and localities that benefit from them. No funding is proposed for either the Mariel Cuban or regional information sharing system (RISS) grant programs and all unobligated balances are proposed for rescission. The requested funding level for the crime victims program is being reduced from $100 million in 1986 to $35 million in 1987 for similar reasons of comparative fiscal condition. The missing and exploited children program is being maintained at the current level of $4 million. A rescission of $3 million in prior year unobligated funds is proposed for the National Institute of Corrections (NIC), since the 1986 funding level of $11 million is sufficient for the NIC to carry out its mission of providing technical assistance and training to State and local correctional personnel.

Related programs.—A number of programs classified in other functions support the administration of justice. Over 100 agencies and regulatory commissions perform some type of law enforcement activity. About 30 Federal agencies, including the Departments of Agriculture and Labor, the Environmental Protection Agency, and most independent regulatory commissions, have some litigation authority independent of the Department of Justice.

GENERAL GOVERNMENT

The general government function covers the overall management, policy, and central operations of the Federal Government, including the legislative branch. This function focuses primarily on Federal finances, tax collection, personnel management, and property control. A goal of this administration is to provide these basic services in a business-like and efficient manner.

The four central management agencies—the Office of Management and Budget, the Office of Personnel Management, the General Services Administration, and the Department of the Treasury—are working with other agencies on a variety of management reform initiatives. These management improvements include streamlining financial systems, simplifying procurement procedures, increasing reliance on the private sector, and better handling of cash management and debt collection.

Budget authority proposed for general government activities for 1987 is $6.2 billion, a decrease of $0.2 billion from 1986. Major goals in this function include broadening efforts to identify and collect unpaid taxes, improving services to taxpayers, and improving productivity in the Federal Government.

Legislative functions.—By law, the budget request submitted by the legislative branch is included in the budget without change. Budget authority proposed for the legislative branch activities in this function is $1.6 billion in 1987 and includes funds for the operation of the Congress, the General Accounting Office, the Congressional Research Service, and similar activities. Some legislative branch activities are in other budget functions. A complete listing of all legislative branch accounts, for which requested budget authority is $2 billion, appear in the beginning of Part 6d of this volume.

Executive direction and management.—Budget authority proposed for the Executive Office of the President and related activities is $117 million in 1987. This office assists the President in the discharge of his budgetary, management, policy development, and other, executive responsibilities.

Central fiscal operations.—The mission of central fiscal operations is to collect taxes, administer the public debt, supervise the Federal Financing Bank, and carry out certain other financial operations of the Federal Government. For 1987, $3.9 billion of budget authority is requested, a decrease of $0.1 billion from 1986.

Collection of taxes.—Budget authority requested for the Internal Revenue Service (IRS) in 1987 is $4.1 billion. Within this level, the IRS plans to improve the processing of tax returns and enhance

NATIONAL NEED: GENERAL GOVERNMENT

(Functional code 800; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Legislative functions	1,358	1,474	1,616	1,643	1,608
Executive direction and management	118	110	117	118	121
Central fiscal operations:					
Collection of taxes	3,584	3,826	4,098	4,443	4,694
Other fiscal operations:					
Existing law	291	241	307	263	266
Proposed legislation	....	....	−20	....	....
Proposed custom fees	....	−60	−520	−525	−530
Other proposed legislation	....	....	78	46	11
Subtotal, Central fiscal operations	3,875	4,007	3,943	4,227	4,441
General property and records management:					
Real property:					
Existing law	−63	−141	−158	−713	−308
Proposed legislation	....	....	....	....	....
Personal property	16	14	15	16	16
Records management	101	98	102	102	105
Other:					
Existing law	353	328	353	351	356
Proposed legislation	....	....	2	5	8
Subtotal, General property and records management	407	299	314	−239	177
Central personnel management:					
Existing law	149	136	142	143	145
Proposed legislation	....	....	....	....	....
Subtotal, Central personnel management	149	136	142	143	145
Other general government:					
Compact of free association	....	271	144	147	148
Territories	176	153	85	84	83
Indian affairs	1	9	2	2	2
Treasury claims	314	366	336	316	296
Other	74	59	43	32	33
Subtotal, Other general government	565	858	609	579	561
Deductions for offsetting receipts:					
Existing law	−506	−510	−510	−510	−510
Government-sponsored enterprises user fees (proposed)	....	....	−45	−234	−473
Subtotal, Deductions for offsetting receipts	−506	−510	−555	−744	−983
Total, budget authority	**5,967**	**6,373**	**6,186**	**5,728**	**6,070**

service to taxpayers. The administration also proposes to increase the number of auditors by 2,500 positions each year during 1987-89 to identify and collect taxes owed but not paid. Additional staff are also requested to handle increased appeals and litigation related to tax shelters. Almost 100% of the information documents supplied by third parties, such as W-2 and interest and dividend forms, will be matched against taxpayers' returns to identify underreported income.

NATIONAL NEED: GENERAL GOVERNMENT

(Functional code 800; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
Legislative functions	1,355	1,522	1,633	1,662	1,609
Executive direction and management	113	113	116	116	119
Central fiscal operations:					
Collection of taxes	3,562	3,827	4,023	4,380	4,628
Other fiscal operations:					
Existing law	−77	52	67	33	67
Proposed legislation	....	....	184	204	204
Proposed custom fees	....	−60	−520	−525	−530
Other proposed legislation	....	....	76	47	12
Subtotal, Central fiscal operations	3,485	3,819	3,831	4,140	4,381
General property and records management:					
Real property:					
Existing law	−273	−64	−217	−814	−205
Proposed legislation	....	....	....	....	....
Personal property	15	14	15	16	16
Records management	100	100	101	102	103
Other:					
Existing law	254	333	350	349	352
Proposed legislation	....	....	2	5	8
Subtotal, General property and records management	96	384	251	−343	274
Central personnel management:					
Existing law	164	127	140	142	145
Proposed legislation	....	....	....	....	....
Subtotal, Central personnel management	164	127	140	142	145
Other general government:					
Compact of free association	....	241	162	147	160
Territories	186	189	118	81	80
Indian affairs	1	9	2	2	2
Treasury claims	314	366	336	316	296
Other	20	11	27	155	1
Subtotal, Other general government	521	816	645	701	538
Deductions for offsetting receipts:					
Existing law	−506	−510	−510	−510	−510
Government-sponsored enterprises user fees (proposed)	....	....	−45	−234	−473
Subtotal, Deductions for offsetting receipts	−506	−510	−555	−744	−983
Total, outlays	**5,228**	**6,270**	**6,060**	**5,675**	**6,084**

The IRS will continue to modernize its program and streamline its operations. In 1987 it plans to:

- upgrade the computers used for basic processing of tax returns;
- equip over 9,000 auditors with portable computers as the beginning of a comprehensive audit network; and
- continue modernization of data and voice telecommunications networks.

Legislation is being requested to impose user fees on letters of determination and private letter rulings, and to impose a cost of collection charge to recoup the expense of collecting underpaid taxes. Supplemental funds are requested in 1986 to improve the processing of tax returns in the service centers and to eliminate backlogs remaining from the 1985 filing season. The supplemental will also provide some advance hiring for the revenue initiative and the appeals and tax litigation initiative mentioned above.

Federal Financing Bank (FFB).—Under recently enacted law (P.L. 99-177), all of the transactions of the FFB, previously an off-budget Federal entity under the supervision of the Treasury Department, have been moved on-budget. Virtually all of the budget authority and outlays of the FFB are distributed to other functions and agencies to reflect the primary purpose of its activity. This function contains two credit programs financed by the FFB—one for lease-purchase agreements administered by the General Services Administration, the other for loans to territories. No new activity is proposed for credit programs in this function for 1987.

Legislation will be reproposed to require that, at the discretion of the Secretary of the Treasury, all 100% federally guaranteed loans of a kind ordinarily traded in the investment securities market be processed through the FFB. This year, legislation will also be proposed to allow the Secretary of the Treasury to charge a fee for the 100% federally guaranteed loans. This proposal would eliminate the unintended interest subsidy that results from the lower costs of borrowing from the Treasury relative to any borrowing from the public.

The FFB is discussed in Part 6a of this volume, in Special Analysis E, "Borrowing and Debt," and in Special Analysis F, "Federal Credit Programs." These sources also show FFB activity according to the agencies that the bank services.

Other fiscal operations.—The administration is proposing legislation for additional customs fees to offset the cost of Customs Service's border processing activities. The new fees would increase Treasury offsetting receipts by $520 million in 1987. In addition, the administration is proposing legislation to eliminate the subsidy currently provided by the Bureau of the Public Debt to purchasers of marketable and special securities in 1987. The administration's proposal will end all Treasury reimbursements to Federal Reserve Banks for their services in processing marketable and special securities and allow the Federal Reserve Banks to price their services competitively. The administration anticipates that similar Treasury reimbursements to Federal Reserve Banks and other qualified agents for the processing and sales of savings securities will be eliminated in 1988, after further study this year. This reimburse-

CREDIT PROGRAMS—GENERAL GOVERNMENT

(In millions of dollars)

	Actual 1985	Estimate			
		1986	1987	1988	1989
Direct loans:					
General Services Administration (GSA):					
Change in outstandings	*	*	....	....	....
Outstandings	*	....	....	....	....
GSA (loans made by FFB)[1]:					
Change in outstandings	−5	−5	−6	−6	−7
Outstandings	408	403	397	391	384
Administration of territories (loans made by FFB)[1]:					
Change in outstandings	−1	−1	−2	−2	−2
Outstandings	63	62	60	59	57
Total, direct loans:					
Change in outstandings	−6	−7	−7	−8	−9
Outstandings	472	465	457	449	441
Guaranteed loans:					
General Services Administration (GSA):					
Change in outstandings	−30	−34	−29	−32	−34
Outstandings	700	666	637	605	571

* $500,000 or less.

[1] Loans guaranteed by the agency and disbursed by FFB. They are counted as direct loans in the credit budget.

ment policy change will reduce outlays by nearly $20 million in 1987. Other fiscal operations include the manufacture of coins by the Bureau of the Mint and the printing of currency by the Bureau of Engraving and Printing.

General property and records management.—The General Services Administration (GSA) is the Government's builder, landlord, wholesaler, and retailer. Its services support the activities of other Federal agencies. GSA is also responsible for disposing of properties that are surplus to the needs of the Government. The administration is proposing a major initiative to improve property management Governmentwide. Planned disposal of surplus properties in 1987 is estimated to generate over $500 million in receipts. Also included in this subfunction is the National Archives and Records Administration which is responsible for the recordkeeping activites of the Federal Government.

Central personnel management.—Personnel management functions are carried out by the Office of Personnel Management (OPM), the Federal Labor Relations Authority, and the Merit Systems Protection Board. Outlays for these activities are estimated to be $140 million in 1987.

Other general government.—Other activities in the general government function include payments of claims and judgments against the Federal Government, funding for the territories, Indian affairs, and other activities.

Compact of Free Association.—The Compact of Free Association Act of 1985 was enacted by the Congress following approval by the people of the Federated States of Micronesia and the Marshall Islands. The President will notify the United Nations Trusteeship Council of the impending change in status of the two states, and the trusteeship for these two states will be ended upon action by the United Nations. The Compact binds the United States to make annual payments to the two States during the next 15 years totaling $2.3 billion to aid in their successful development as sovereign states. Budget authority of $271 million is proposed as a supplemental request for 1986, and $144 million in 1987 budget authority is requested.

Territories.—Budget authority of $72 million is proposed for 1987 for continued support of the U.S. territories of Guam, American Samoa, the Virgin Islands, and the Northern Marianas. Budget authority of $13 million in 1987 is requested for Trust Territory of the Pacific Islands operations, which includes Palau. The territories and the Trust Territory receive grants and payments from many other Federal agencies for programs classified in other functions.

Indian affairs.—Funding for American Indians in this function includes miscellaneous trust fund payments to tribes and program support for the Navajo and Hopi Indian Relocation Commission. Additional assistance to Indian tribes is also found in a number of other functions—health; natural resources and environment; community and regional development; and education, training, employment, and social services.

User Fees.—The 1987 budget proposes legislation that would impose a user fee on certain Goverment-sponsored enterprises in order to reimburse the Government for financial advantages that stem from their special relationship with the Government.

Tax expenditures.—The tax code permits a 50% tax credit on political contributions of up to $100 for individual returns and $200 for joint returns. The tax expenditure estimate for this provision is $310 million in 1987.

GENERAL PURPOSE FISCAL ASSISTANCE

General purpose fiscal assistance provides financial aid to State and local governments without major restrictions or matching requirements. This assistance can generally be used for State or local services, construction, debt retirement, and other purposes of general government. Programs in this category include general revenue sharing, payments to the District of Columbia, Forest Service receipts paid to the States, payments in lieu of taxes, and payments to territories and Puerto Rico. Outlays for this function are estimated to decline from $6.2 billion in 1986 to $1.7 billion in 1987.

General revenue sharing.—The general revenue sharing program was first enacted in 1972 to bring the resources raised by the then highly responsive Federal tax structure to bear on the needs of State and local governments, which had less flexible tax systems. The program was also intended to make State and local officials more responsive to local needs by giving them almost complete discretion in determining how the aid would be used.

In 1981 States were eliminated from the program as their capacity to raise revenue improved. Local governments utilized revenue sharing funds for basic services and they set a good example of government efficiency, using less than 1% for administration. However, in recent years, local governments have become less dependent on general revenue sharing due in part to improvements in the revenue-generating ability of local tax systems. While a few localities continue to rely heavily on general revenue sharing, the program accounted for less than 2.2% of total local government direct spending in 1984.

The Federal Government can no longer afford general revenue sharing. The administration proposes to rescind the final quarterly payment resulting from 1986 budget authority, which would be paid in 1987. Current authorization for the program expires at the end of 1986. This proposal is consistent with the improvements during the past decade in the ability of State and local governments to meet their own revenue needs. In an austere Federal budget, national priorities must be met first. Local priority needs that are appropriate for Federal financing can be achieved through block grants and other broad based support that provide flexible Federal funding in areas such as health, community development, and job training.

Outlays for the general revenue sharing program are estimated to be $4.4 billion in 1986, which include the final quarterly payment from the 1985 program and three 1986 payments. No outlays are proposed for 1987 other than minor administrative expenses associated with program termination.

NATIONAL NEED: FISCAL ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

(Functional code 850; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
General revenue sharing:					
General revenue sharing payments:					
Existing law	4,567	2,665	....	....	....
Proposed legislation	....	760	....	....	....
Administration	8	7	6	....	....
Subtotal, General revenue sharing	4,575	3,432	6	....	....
Other general purpose fiscal assistance:					
Payments and loans to the District of Columbia	237	495	522	520	535
Payments to States and counties from Forest Service receipts:					
Existing law	236	228	310	296	297
Proposed legislation	....	....	−225	−206	−207
Payments to States from receipts under the Mineral Leasing Act	539	575	551	593	639
Payments to States and counties from Federal land management activities	148	19	59	71	86
Payments in lieu of taxes	103	100	105	132	132
Payments to territories and Puerto Rico	478	392	408	417	421
Other	8	7	7	7	7
Subtotal, Other general purpose fiscal assistance	1,747	1,815	1,737	1,828	1,909
Total, budget authority	**6,322**	**5,248**	**1,742**	**1,828**	**1,909**
OUTLAYS					
General revenue sharing:					
General revenue sharing payments:					
Existing law	4,584	3,674	....	....	....
Proposed legislation	....	760	....	....	....
Administration	8	7	5	....	....
Subtotal, General revenue sharing	4,591	4,440	5	....	....
Other general purpose fiscal assistance:					
Payments and loans to the District of Columbia	237	495	522	520	535
Payments to States and counties from Forest Service receipts:					
Existing law	236	218	310	296	297
Proposed legislation	....	....	−225	−206	−207
Payments to States from receipts under the Mineral Leasing Act	539	551	551	593	639
Payments to States and counties from Federal land management activities	146	30	57	70	85
Payments in lieu of taxes	103	100	105	132	132
Payments to territories and Puerto Rico	494	394	406	417	421
Other	7	8	7	7	7
Subtotal, Other general purpose fiscal assistance	1,762	1,795	1,733	1,827	1,908
Total, outlays	**6,353**	**6,236**	**1,739**	**1,827**	**1,908**

Other general purpose fiscal assistance.—Several other programs provide funds with minimal restrictions to states and localities. Outlays for these programs are estimated to be $1.8 billion in 1986 and $1.7 billion in 1987.

Payments and loans to the District of Columbia's operating budget is financed in part by annual payments from the Federal Government in recognition of the costs to the local government of the Federal presence. The administration requests $522 million in budget authority for the District of Columbia in 1987, net of loan repayments from the District. This amount provides an additional inflation adjustment to make up for the freeze applied to the payment to the District of Columbia in 1986. Of the total amount, $445 million is for the Federal payment to the district for general purposes, $52 million is for the annual Federal contribution to the retirement funds for the District's police officers, firefighters, teachers, and judges (as required under pension reform legislation enacted in 1979) and the remaining funds are for St. Elizabeth's Hospital and Federal water and sewer payments.

Since 1983, the District of Columbia has successfully met its short-term cash management needs through the private market. In 1985, the District sold $463 million in general obligation bonds. In anticipation of the District's continued success in the bond market, no loan authority has been requested for 1987.

The administration continues to support legislation to increase the District's contribution for civil service retirement beginning in 1987. The contribution would increase by an additional 2% of payroll each year until the District assumes the full cost of the retirement benefits. This change would eliminate the Federal subsidy for such benefits currently provided to the District government.

Other payments.—Some jurisdictions receive payments from the Federal Government based on a percentage of Federal receipts generated from timber sales, mineral leases, grazing permits, and other activities on Federal property.

Payments to States and counties from Forest receipts will return an estimated $218 million in 1986 and $85 million in 1987 to States for the benefit of counties in which national forests are located. The present system shares receipts even when timber sales lose money. The administration is proposing legislation that will allow the Federal Government to deduct the costs of managing the lands that generate these timber and mineral receipts before calculating the States' and counties' shares. Upon enactment, the States and counties will receive 25% of receipts net of Federal costs rather than 25% of gross receipts. It makes neither economic nor business sense to share gross receipts from operations that do not cover basic costs.

Payments to States from receipts under the Leasing Act are estimated to be $551 million in both 1986 and 1987. The administration is proposing to deduct the Federal costs of obtaining Mineral Leasing Act receipts before calculating the States' shares.

CREDIT PROGRAMS—GENERAL PURPOSE FISCAL ASSISTANCE

(In millions of dollars)

	Actual 1985	Estimate			
		1986	1987	1988	1989
Direct loans:					
Loans to the District of Columbia:					
Change in outstandings	−311	−35	−38	−41	−43
Outstandings	1,572	1,537	1,498	1,457	1,414
Guaranteed loans:					
Guarantees of New York City loans:					
Change in outstandings	−637	−190	....	....	....
Outstandings	190	....	....	....	....

Payments to States and counties from Federal management activities are estimated to be $30 million in 1986 and $57 million in 1987 for shared revenues from oil and gas, coal, timber, and grazing activities on Bureau of Land Management lands. Of the 1986 payments, $60 million are reflected as 1985 outlays due to Treasury making these payments on September 30, 1985, instead of October 1, 1985. The administration also proposes to deduct the costs of managing timber lands before sharing receipts.

Payments in lieu of taxes provide fees based on a formula to local governments for some Federal lands located within their jurisdictions. The administration proposes to continue this program at a level of $105 million in outlays for 1987 compared to $100 million in 1986.

Payments to territories and Puerto Rico reflect the payment of certain taxes by the Federal Government to the territories and Puerto Rico. These payments comprise annual advance payments of certain income tax withholding and excise tax collections involving Guam and the Virgin Islands, and excise tax withholding for Puerto Rico. Outlays are estimated to be $394 million in 1986 and $406 million in 1987.

Tax expenditures.—The Federal Government provides general purpose fiscal assistance through several tax provisions. Interest on State and local government debt is excluded from the taxable income of businesses, mainly commercial banks and casualty insurance companies, and individuals. As a result, State and local governments can borrow at lower interest rates than would be possible if such interest were taxable. In effect, the Federal Government subsidizes States and localities by paying part of their interest costs. Only the effect of excluding interest on general purpose obligations and revenue bonds for public purposes such as schools, sewers, and roads is included in this function. The exclusion of interest on tax-exempt bonds issued for private or quasi-public activities is covered in applicable budget functions, such as commerce and housing credit. The tax expenditure estimate for the exclusion of interest on general purpose State and local debt is $9.2 billion in 1987.

The Federal Government also provides indirect assistance to States and localities by allowing individuals to deduct nonbusiness State and local taxes, primarily income and sales taxes, from income in calculating their Federal tax liability. The value of this assistance is estimated at $25.2 billion in 1987; tax expenditures resulting from deductibility of taxes on owner-occupied homes are included in the commerce and housing credit function.

As a means of providing assistance to U.S. possessions, primarily Puerto Rico, the Federal Government permits a special tax credit for qualifying U.S. corporations doing business in the possessions. This tax credit, which effectively exempts earnings attributable to the possessions, results in an estimated tax expenditure of $3.3 billion in 1987. Tax expenditures for general purpose fiscal assistance are an estimated $37.7 billion in 1987.

Related programs.—In addition to general purpose fiscal assistance, the Federal Government provides States and localities with assistance through a variety of Federal grant-in-aid programs. These programs, which range from relatively narrow categorical programs to broader grant programs, are more restrictive than general purpose fiscal assistance, and are designed to meet other national needs and priorities. Therefore, they are not included as general purpose fiscal assistance, although they provide, when taken together, a large source—21% in 1985—of the financing of total State and local expenditures. Total grant-in-aid outlays to States and localities are estimated to decrease from $108.8 billion in 1986 to $99.0 billion in 1987.

Grants are discussed in more detail in Special Analysis H, "Federal Aid to State and Local Governments."

NET INTEREST

Net interest includes the Federal Government's cost of borrowing and most of its income from lending money. Net interest outlays are estimated to rise from $142.7 billion in 1986 to $148.0 billion in 1987.

Interest on the public debt.—This subfunction includes all interest paid on the public debt. The public debt consists of Treasury securities sold to the public and to on- and off-budget trust funds, revolving funds, and deposit funds within the Federal Government. Outlays for interest on the public debt are estimated to be $206.9 billion in 1987.

Estimates of interest outlays are directly affected by assumptions about interest rates and the size of the debt. It is assumed that the 91-day Treasury bill rate will decline steadily from an average of 7.5% in calendar year 1985 to 4.8% by 1989. The decline in interest rates is assumed to reduce the guaranteed yield on new issues of EE savings bonds. Despite the projected decline in interest rates, interest on the public debt is estimated to increase by $17.0 billion in 1986 and an additional $10.8 billion in 1987. This increase stems from higher debt outstanding, which is primarily due to Treasury borrowing to finance the Federal deficit. In addition, most trust fund balances are required by law to be invested in Federal securities, and the interest outlays on this debt are included in interest on the public debt. The estimates include proposed legislation that increases net trust fund holdings of Treasury securities, and thus interest on the public debt, as described below.

Interest received by on-budget trust funds.—Interest earnings of on-budget trust funds are estimated to be $26.7 billion in 1986 and $29.6 billion in 1987. More than half of these interest earnings is received by the civil service retirement and disability fund, and about one-fifth is received by medicare. Interest earned by the on-budget trust funds is deducted so that the functional total for net interest includes only the Government's net transactions with the public, not payments between Government accounts. Legislation is proposed for medicare and civil service retirement that will increase trust fund balances invested in public debt and thereby increase interest earnings. Other legislation is proposed to draw down the surplus of the airport and airway trust fund. The total effect of these and other proposals is a net increase in invested trust fund balances, as a result of which interest received by trust funds and interest on the public debt is estimated to increase by $3.0 billion in 1987.

NET INTEREST

(Functional code 900; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Interest on the public debt:					
Existing law	179,063	196,064	207,470	211,991	206,138
Proposed legislation		30	−616	−236	367
Subtotal, Interest on the public debt	179,063	196,095	206,855	211,755	206,505
Interest received by on-budget trust funds:					
Existing law	−22,071	−26,624	−30,251	−33,750	−36,410
Proposed legislation		−30	621	263	−320
Subtotal, Interest received by on-budget trust funds	−22,071	−26,654	−29,631	−33,487	−36,730
Interest received by off-budget trust funds:					
Existing law	−4,118	−4,418	−4,711	−6,262	−8,631
Proposed legislation			−5	−27	−47
Subtotal, Interest received by off-budget trust funds	−4,118	−4,418	−4,716	−6,289	−8,678
Other interest:					
Interest on refunds of tax collections	1,750	1,502	1,473	1,453	1,329
Interest on loans to Federal Financing Bank	−17,296	−16,540	−17,639	−17,594	−17,376
OCS interest	−2	−300		−2,471	−1,033
Other:					
Existing law	−7,888	−8,165	−9,038	−9,476	−9,068
Proposed legislation		1,220	693	1,189	1,093
Subtotal, Other interest	−23,437	−22,283	−24,511	−26,900	−25,055
Total, budget authority	**129,437**	**142,740**	**147,996**	**145,079**	**136,041**
On-budget	*(133,555)*	*(147,158)*	*(152,713)*	*(151,368)*	*(144,719)*
Off-budget	*(−4,118)*	*(−4,418)*	*(−4,716)*	*(−6,289)*	*(−8,678)*

Interest received by off-budget trust funds.—The Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177) changed the budgetary status of social security. The receipts and disbursements of the old-age and survivors insurance trust fund (OASI) and the disability insurance trust fund (DI) are excluded from the budget. Notwithstanding this change in status, OASI and DI hold a large amount of Federal debt securities on which they receive interest. This interest is deducted in this new subfunction so that the net interest functional total shows the Government's net transactions with the public. Interest earnings of off-budget trust funds are estimated to be $4.4 billion in 1986 and $4.7 billion in 1987.

Other interest.—This subfunction includes interest payments by the Government on tax refunds and, as an offset, interest collections from Federal agencies and the public.

Interest on refunds of tax collections.—Interest paid by the Treasury on tax refunds are estimated to decline from $1.8 billion in 1985 to $1.5 billion in both 1986 and 1987. This decrease is due, in

NET INTEREST

(Functional code 900; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
OUTLAYS					
Interest on the public debt:					
Existing law	179,063	196,064	207,470	211,991	206,138
Proposed legislation	....	30	–616	–236	367
Subtotal, Interest on the public debt	179,063	196,095	206,855	211,755	206,505
Interest received by on-budget trust funds:					
Existing law	–22,071	–26,624	–30,251	–33,750	–36,410
Proposed legislation	....	–30	621	263	–320
Subtotal, Interest received by on-budget trust funds	–22,071	–26,654	–29,631	–33,487	–36,730
Interest received by off-budget trust funds:					
Existing law	–4,118	–4,418	–4,711	–6,262	–8,631
Proposed legislation	....	....	–5	–27	–47
Subtotal, Interest received by off-budget trust funds	–4,118	–4,418	–4,716	–6,289	–8,678
Other interest:					
Interest on refunds of tax collections	1,750	1,502	1,473	1,453	1,329
Interest on loans to Federal Financing Bank	–17,296	–16,540	–17,639	–17,594	–17,376
OCS interest	–2	–300	....	–2,471	–1,033
Other:					
Existing law	–7,889	–8,165	–9,038	–9,476	–9,068
Proposed legislation	....	1,220	693	1,189	1,093
Subtotal, Other interest	–23,438	–22,283	–24,511	–26,900	–25,055
Total, outlays	**129,436**	**142,740**	**147,996**	**145,079**	**136,041**
On-budget	*(133,554)*	*(147,158)*	*(152,713)*	*(151,368)*	*(144,719)*
Off-budget	*(–4,118)*	*(–4,418)*	*(–4,716)*	*(–6,289)*	*(–8,678)*

large part, to improved claims processing by the Internal Revenue Service (IRS). Under current law, the rate paid on refunds of tax collections is set at a semi-annual average of the prime rate.

Interest on loans to the Federal Financing Bank (FFB).—The FFB is the major source of funds for a number of Government programs. The FFB borrows directly from the Treasury and uses these funds to purchase agency debt and financial assets from various Government programs and to make direct loans to the public that are guaranteed by various agencies. It then pays interest to the Treasury on its borrowings. Interest payments from the FFB to the Treasury are estimated to be $16.5 billion in 1986 and $17.6 billion in 1987.

Other.—Offsetting interest collections from accounts other than the FFB are estimated to be $7.2 billion in 1986 and $8.3 billion in 1987. These come from two principal sources: interest charged by Treasury to Federal agency revolving funds, which is by far the larger source; and interest collected from the public by funds other than revolving funds. Revolving funds, such as the agricultural credit insurance fund, borrow from the Treasury primarily to finance direct loans to the public, and then pay interest to the Treasury on their borrowings. Other collections include interest on loans made to the public by non-revolving funds, interest received from the OCS escrow account, and interest paid by banks on Federal tax collections deposited in those banks. By requirement of the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177), a one-time payment of $494 million in 1986 is made by Treasury to trust funds in order to compensate them for interest lost because the statutory debt limit prevented Treasury from keeping them fully invested.

Net budgetary effect.—The Federal Reserve System owns Government securities for the purpose of implementing monetary policy. Virtually all of the interest the Federal Reserve receives on these securities is paid to the Treasury as deposits of earnings of the Federal Reserve System and is classified as receipts. As shown below, deposits of earnings are projected to be $16.5 billion in 1986 and $16.6 billion in 1987. Deducting these receipts from the function totals shows the net budgetary effect of interest transactions with the public:

(In millions of dollars)

	Actual 1985	Estimates			
		1986	1987	1988	1989
Net interest function	129,436	142,740	147,996	145,079	136,041
Deposits of earnings by the Federal Reserve System [1]	17,059	16,532	16,560	16,657	16,641
Net budgetary effect	112,377	126,208	131,436	128,422	119,400

[1] Shown as budget receipts.

Tax expenditures.—A tax expenditure arises from the optional deferral of interest income on U.S. savings bonds. Interest is normally taxed each year as it is earned, but the holder of a U.S. savings bond may defer paying tax until the bond is redeemed. The estimate for this provision is $735 million in 1987.

ALLOWANCES

The budget includes allowances to cover certain forms of budgetary transactions that are expected to occur but are not reflected in the program details shown in the preceding functions. When these transactions actually take place, they are reported as outlays for the appropriate agencies and functions rather than as allowances. For this reason, allowances for completed years are always zero.

Three allowances are included in this category: civilian agency pay raises, increased employing agency payments for employee retirement, and allowances for contingencies. In 1987 outlays for these allowances are $754 million.

ALLOWANCES

(Functional code 920; in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY					
Civilian agency pay raises:					
Civilian agency pay raises[1]			403	1,903	3,034
Coast Guard military pay raises			36	81	131
Subtotal, Civilian agency pay raises			439	1,984	3,165
Increased employing agency payments for employee retirement (Proposed)			331	419	395
Allowance for contingencies:					
Relatively uncontrollable programs					
Other requirements					
Total, budget authority			**770**	**2,403**	**3,560**
OUTLAYS					
Civilian agency pay raises:					
Civilian agency pay raises[1]			387	1,859	2,989
Coast Guard military pay raises			36	81	131
Subtotal, Civilian agency pay raises			423	1,940	3,120
Increased employing agency payments for employee retirement (Proposed)			331	419	395
Allowance for contingencies:					
Relatively uncontrollable programs					
Other requirements					
Total, outlays			**754**	**2,359**	**3,515**

[1] Includes allowance for administration of the off-budget social security trust funds.

Civilian agency pay raises.—This allowance covers the costs of future pay raises for civilian agency employees and Coast Guard military personnel. Allowances to cover future pay raises for military and civilian personnel of the Department of Defense are included in the national defense function.

The budget includes a 3.0% pay increase for civilian employees, effective in January 1987, and a 4.0% pay increase for military personnel, including the Coast Guard, effective in October 1986. The President's final decision on the 1987 civilian pay adjustment will be made after he reviews the recommendations of his pay agent and the recommendations of the Advisory Committee on Federal Pay, as provided for by law. The pay raise allowances for 1988 and 1989 reflect the assumption that Federal civilian employees will receive a 3.0% pay raise in January of each year, and that Coast Guard military personnel will receive pay increases in October of each year that equal the pay increases received by Department of Defense military personnel.

Increased employing agency payments for employee retirement.—In order to conform more closely the financing of Federal civilian retirement systems to private sector retirement plans, the administration is proposing to increase the contributions by both Federal employees and employing agencies to the retirement trust funds from the current 7% of payroll to 9% in 1987. This allowance covers the full amount of the additional contributions by civilian agencies, with the exception of the Postal Service. The increased contributions by the Department of Defense for civilian employees are included in the national defense function. Upon enactment of the legislation, the allowance will be distributed to the agency budgets. The proposed increase in retirement contributions by employees is described in the income security function.

Allowances for contingencies.—The Congressional Budget Act of 1974 requires that the budget include an allowance for unanticipated spending or savings in relatively uncontrollable programs and an allowance for other unanticipated spending or savings. The contingency allowance for relatively uncontrollable programs is estimated to be zero for all years because the chance of these outlays being lower than the estimates is as great as the chance of being higher. The contingency allowance for other requirements is also assumed to be zero, with probable increases being offset by unanticipated decreases.

UNDISTRIBUTED OFFSETTING RECEIPTS

Offsetting receipts are generally deducted from the budget authority and outlays of the agencies and functions of the receipt accounts. In three instances, however, such collections are not distributed by agency or function but instead are deducted from the budget totals as undistributed offsetting receipts. These are for the employer share of employee retirement, rents and royalties on the Outer Continental Shelf, and the sale of major physical assets.

Undistributed offsetting receipts are estimated to be $35.8 billion in 1986 and $38.1 billion in 1987. Details of all offsetting receipts are shown in Table 14 in Part 6e.

Employer share, employee retirement.—The payments made by Federal agencies to employee retirement funds are outlays of the agencies and are counted as such in the functions of the paying accounts.[1] Since these are payments made by Federal agencies to other Federal agencies, they must be deducted prior to arriving at total budget authority and outlays in order to measure properly the Federal Government's transactions with the public. The deductions are not made against the paying agencies and functions because they are deemed appropriate charges that should be included in the costs of these programs. Deductions are also not made against the trust funds and functions receiving the payments because the size of the deductions would cause the budget authority and outlay totals to seriously understate the amount of resources used to carry out these programs. Hence, the deductions for these collections are recorded as undistributed offsetting receipts.

Prior budgets included one major category of undistributed offsetting receipts for the employer share of employee retirement. Since the Balanced Budget and Emergency Deficit Control Act of 1985 moved social security off-budget, the budget now distinguishes two categories of these receipts—collections by budget accounts and collections by the off-budget social security accounts. Data for prior years have been revised to reflect this change. Almost all of the $28.5 billion in 1987 that are collected by budget accounts go to the military retirement and the civil service retirement trust funds. Most of the remainder is collected by the medicare trust fund.

The $3.2 billion in 1987 of off-budget undistributed offsetting receipts for the employer share of employee retirement will be collected by two funds—the Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund. Most of these receipts will be collected from on-budget Federal agencies.

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[1] The effect of future pay increases assumed for Federal civilian employees, which are discussed in the allowances section, is included in the estimates of offsetting collections for the employer share of employee retirement.

UNDISTRIBUTED OFFSETTING RECEIPTS

(Functional code 950, in millions of dollars)

Major missions and programs	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
BUDGET AUTHORITY AND OUTLAYS					
Employer share, employee retirement (on-budget):					
Military retired contributions	–16,964	–18,034	–19,069	–19,904	–20,885
Other contributions:					
Existing law	–7,744	–8,248	–8,480	–8,937	–9,056
Proposed legislation	....	....	–921	–1,377	–1,732
Subtotal, Employer share, employee retirement (on-budget)	–24,708	–26,283	–28,471	–30,218	–31,673
Employer share, employee retirement (off-budget)	–2,509	–2,843	–3,177	–3,730	–4,196
Rents and royalties on the Outer Continental Shelf:					
Existing law	–5,542	–5,450	–5,280	–8,217	–6,434
Proposed legislation	....	....	....	....	....
Subtotal, Rents and royalties on the Outer Continental Shelf	–5,542	–5,450	–5,280	–8,217	–6,434
Sale of major physical assets:					
Sale of Conrail (proposed)	....	–1,200	....	....	....
Sale of petroleum reserve (proposed)	....	....	–1,200	–2,400	....
Sale of power administrations (proposed)	....	....	....	–1,800	–1,500
Subtotal, Sale of major physical assets	....	–1,200	–1,200	–4,200	–1,500
Total, budget authority and outlays	**–32,759**	**–35,776**	**–38,128**	**–46,364**	**–43,803**
On-budget	*(–30,250)*	*(–32,933)*	*(–34,951)*	*(–42,634)*	*(–39,607)*
Off-budget	*(–2,509)*	*(–2,843)*	*(–3,177)*	*(–3,730)*	*(–4,196)*

The administration proposes to increase employing agency contributions to the civilian retirement trust funds from the current 7% of payroll to 9% in 1987. The administration also proposes to require the Postal Service to begin paying the full employer share of the actuarial cost of employee pensions. These proposals, which are discussed in greater detail in the allowances and the commerce and housing credit functions, will increase employing agency contributions for employee retirement and, therefore, undistributed offsetting receipts, by $921 million in 1987.

Rents and royalties from the Outer Continental Shelf (OCS).—Collections for rents and royalties from the Outer Continental Shelf by the Federal Government are very large. They arise as a result of land ownership by the Federal Government rather than as a result of any major spending program. Their inclusion as an offsetting receipt in any particular function would greatly understate the amount of budget authority and outlays used to carry out programs in that function; hence, they are not distributed by function. These collections include cash bonuses received from the leasing of OCS lands that have the promise of containing oil and gas;

annual rents on existing leases; and royalties, based on a percentage of the value of production. Collections to which title is in dispute are not recorded as offsetting receipts in the budget. Until the dispute is settled, the collections are retained in escrow in a deposit fund outside the budget. When settlement is reached, only the amounts determined to belong to the Federal Government will be recorded as undistributed offsetting receipts. On September 30, 1985, the amount of disputed OCS collections held in escrow totaled $7.2 billion.

The current estimates of $5.4 billion in 1986 and $5.3 billion in 1987 assume that six OCS sales will be conducted in 1986 and six sales in 1987. No final decision will be made on any of these sales until environmental studies and other requirements under the National Environmental Policy Act have been completed.

Sale of major physical assets.—The Northeast Rail Services Act of 1981 stipulates that the Federal Government should sell Conrail as part of a market solution to rail problems. As discussed in the transportation function, the administration proposed to sell Conrail for $1.2 billion in 1986 and anticipates that the sale will be concluded in 1986. The administration is also proposing to sell the naval petroleum reserve for $3.6 billion, payable in two installments in 1987 and 1988, and the five Federal power marketing administrations, beginning in 1988. Both of these proposed sales are discussed in greater detail in the energy function. According to normal budget accounting principles, the receipts from these sales would be treated as offsets to the budget authority and outlays for the respective agencies and functions. However, since the receipts from these sales are relatively large, this treatment would seriously distort the budget estimates for the energy and transportation functions. Hence, proceeds from the proposed sales are classified as undistributed offsetting receipts.

PART 6

SUPPLEMENTS

PART 6a

PERSPECTIVES ON THE BUDGET

This part of the budget explains several topics that help to interpret the budget totals and to place the budget in perspective:

- the relationship of budget authority to outlays;
- limitations on the availability of funds;
- fiscal activities outside the Federal budget:
  - —off-budget Federal entities,
  - —tax expenditures, and
  - —regulation;
- Federal debt and the relationship of budget funds to changes in Federal debt;
- comparison of the actual and estimated totals in 1985 for:
  - —receipts,
  - —outlays, and
  - —the deficit;
- comparison of the actual and estimated relatively uncontrollable outlays in 1985; and
- the allocation of windfall profit tax receipts.

RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS

The Congress must usually provide budget authority, which is generally in the form of appropriations, before Federal agencies can obligate the Government to make outlays. For 1987, $1,102.0 billion of new budget authority is proposed for the Federal Government. Of this amount, $887.7 billion is for agencies included in the budget and $214.3 billion is for off-budget Federal entities.

Of this total new budget authority, both on-budget and off-budget, $564.2 billion will require congressional action. New budget authority of $732.5 billion will be available through permanent appropriations under existing law. This consists mainly of trust fund receipts, which in most trust fund programs are automatically appropriated under existing law, and interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847. This gross amount of new budget authority is partially offset by $194.7 billion of deductions for offsetting receipts, which consist of transactions within the Government and proprietary receipts from the public.

BUDGET AUTHORITY

(In billions of dollars)

Description	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
Available through current action by the Congress:					
Enacted and pending appropriations	561.1	533.1			
Proposed in this budget:					
Appropriations			555.9	592.0	618.9
Supplemental requests		1.9	–*		
Rescission proposals		–11.1			
To be requested separately:					
Upon enactment of proposed legislation		1.4	4.3	2.0	1.8
Allowances:					
Civilian agencies [1]			0.8	2.4	3.6
Department of Defense—Military [2]		*	3.3	7.6	12.5
Subtotal, available through current action by the Congress	561.1	525.5	564.2	604.0	636.8
Available without current action by the Congress (permanent appropriations):					
Trust funds (existing law)	419.1	443.2	452.3	504.4	541.1
On-budget	(220.6)	(239.3)	(224.0)	(244.8)	(257.8)
Off-budget	(198.5)	(203.9)	(228.3)	(259.6)	(283.3)
Interest on the public debt	179.1	196.1	207.5	212.0	206.1
Other	100.0	85.8	72.7	62.0	58.4
Subtotal, available without current action by the Congress	698.2	725.1	732.5	778.4	805.6
Deductions for offsetting receipts	–185.2	–191.8	–194.7	–216.4	–224.3
On-budget	(–171.0)	(–175.3)	(–180.4)	(–199.3)	(–203.6)
Off-budget	(–14.2)	(–16.5)	(–14.3)	(–17.1)	(–20.7)
Total, budget authority	**1,074.1**	**1,058.7**	**1,102.0**	**1,165.9**	**1,218.1**
On-budget	(889.7)	(871.4)	(887.7)	(923.1)	(954.4)
Off-budget	(184.3)	(187.3)	(214.3)	(242.8)	(263.7)

* $50 million or less.

[1] Allowances for civilian agency pay raises, Coast Guard military pay raises, and increased employing agency payments for employee retirement.

[2] Allowances for civilian and military pay raises, increased employing agency payments for civilian employee retirement, and other legislation for Department of Defense—Military.

Note: Reflects the effects of the sequestration of 1986 budgetary resources.

Not all of the new budget authority for 1987 will be obligated or spent in that year:[1]

- **Budget authority for most trust funds comes from the authority of these funds to spend their receipts. Any balances remain available to these trust funds indefinitely in order to finance benefits and other purposes specified by law.**
- **Budget authority for most major construction and procurement projects covers the entire cost estimated when the**

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[1] This subject is also discussed in a separate OMB report, "Balances of Budget Authority," which can be purchased from the National Technical Information Service shortly after the budget is transmitted.

projects are initiated, even though work will take place and outlays will be made over a period extending beyond the year for which the budget authority is enacted. Some exceptions are made to this convention, notably for water resource programs.

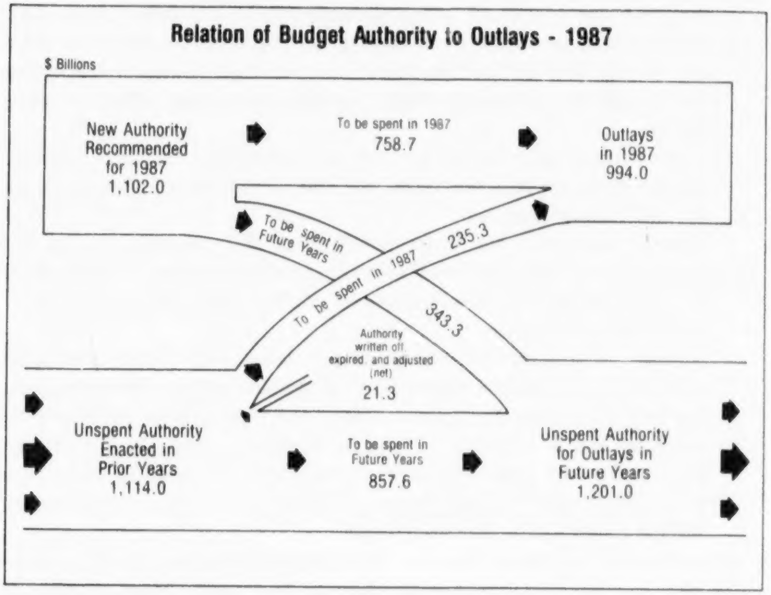
- Government enterprises are occasionally given budget authority for standby reserves that will be used only in the event of special circumstances.
- Budget authority for large portions of the subsidized housing programs is equal to the Government's estimated obligation to pay subsidies under contracts, which may extend for periods of up to 40 years.
- Budget authority for most other long-term contracts also covers the estimated maximum obligation of the Government.
- Budget authority for many direct loan programs provides financing for a number of years; budget authority for many insurance and loan guarantee programs consists of amounts to be used only in the event of defaults or other contingent claims made upon the programs.

As a result of these factors, a substantial amount of budget authority carries over from one year to the next. Most of this is earmarked for specific uses and is not available for new programs. A small part may never be obligated or spent, because it is primarily for contingencies that do not occur or reserves that never have to be used.

As shown in the chart on the next page, $235.3 billion of the outlays in 1987 (24% of the total) will be made from budget authority enacted in previous years. At the same time, $343.3 billion of the new budget authority proposed for 1987 (31% of the total amount proposed) will not lead to outlays until future years. Thus, the total budget authority for a particular year is not useful for the analysis of that year's outlays, since it combines various types of budget authority that have different short-term and long-term implications for budget obligations and outlays. Budget authority and its relationship to obligations and outlays are discussed further in Part 6b of this volume and displayed in table 11 of Part 6e.

LIMITATIONS ON THE AVAILABILITY OF FUNDS

Limitations on the availability of funds are a control mechanism that supplements the use of appropriations and other budgetary resources discussed in the previous section. Unlike budget authority, limitations on the availability of funds generally are not the source of authority to incur obligations; rather, they place a special ceiling on the use of authority by limiting the amount that can be obligated or committed for a specific purpose. These limitations are established most often through the appropriations process.



Relation of Budget Authority to Outlays - 1987

$ Billions
New Authority Recommended for 1987 1,102.0
To be spent in 1987 758.7
Outlays in 1987 994.0
To be spent in Future Years 343.3
To be spent in 1987 235.3
Authority written off, expired, and adjusted (net) 21.3
Unspent Authority Enacted in Prior Years 1,114.0
To be spent in Future Years 857.6
Unspent Authority for Outlays in Future Years 1,201.0

The Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177) established a system of limitations and requires reductions therein in order to meet deficit reduction targets. A more detailed discussion of this legislation is contained in Parts 2 and 6b of this volume.

Some limitations establish stricter control over amounts provided by appropriations or other acts by limiting the amount to be allocated for specific purposes within an appropriation or fund account.

- Many appropriation accounts provide funding for several activities. A limitation can single out and restrict the amount of obligations for one or more of these activities within the overall budget authority provided for the account. For example, the 1986 appropriation of $891 million for Operation of Indian programs in the Department of the Interior includes language specifying that an amount not to exceed $55 million is available for higher education scholarships and assistance to public schools.
- A limitation can be established on the amount that can be used for a particular type of expense, such as travel, consultants, or publications. These limitations can apply to (1) a single account; (2) all amounts within a single appropriations act; or (3) amounts in more than one appropriations act or amounts provided in substantive law.

Other limitations can affect the total level—not just the composition—of obligations and spending. They are used to control funds that would otherwise become available under relatively broad authority provided in substantive law without further action by the Congress in an appropriations act. In most cases these limitations apply either 1) to trust fund activities, which are normally financed through earmarked receipts, like the payroll tax receipts for the social security trust funds; 2) to revolving funds, which finance business-type operations that generate their own income to pay their expenses; or 3) to other accounts for which substantive law provides spending authority.

Under the credit control system, limitations on Federal direct loan obligations and guaranteed loan commitments are the principal method of controlling the allocation of Federal credit.[2] These limitations provide a mechanism for annual Congressional review of the gross level of new credit activity. All direct lending will result in outlays. Guaranteed loan commitments—also important because of their effects on the credit market and the economy—ordinarily lead to Government spending only in the event of default.

Certain Federal program levels, in addition to credit activities, are also constrained through the use of limitations on operating and administrative expenses. For example, the use of the budget authority of the highway trust fund and the airport and airway trust fund is controlled by limitations on the agencies' ability to obligate the Federal Government to make payments. Non-loan, business-type activities that are controlled through limitations include the Federal buildings fund, which is controlled through limitations on the use of receipts.

For many trust funds, all receipts of the fund automatically become budget authority and are available for spending. The Congress exercises control over the benefits that are paid from these funds through the use of eligibility criteria and benefit levels established in substantive law. Through the use of limitations, the Congress can also exercise control over the administrative expenses of these trust funds. Such limits apply, for example, to the old-age and survivors insurance trust fund and the hospital insurance trust fund.

The following table summarizes some of the major limits on the availability of funds that affect budget spending. The amounts identified do not include all limitations, but they illustrate that spending can be changed significantly without changing budget authority.

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[2] The credit control system is discussed further in Part 6c of this volume and in Special Analysis F, "Federal Credit Programs," in *Special Analyses, Budget of the United States Government, Fiscal Year 1987*.

SELECTED LIMITATIONS THAT AFFECT TOTAL LEVEL OF OUTLAYS

(In billions of dollars)

	1985 enacted	1986 estimate	1987 estimate
Direct loan obligations	16.1	8.8	3.1
Program levels (other than loans)	17.8	16.2	16.9
Administrative expenses of trust funds	6.7	6.7	7.1
Total, selected limitations	40.6	31.7	27.1

FISCAL ACTIVITIES OUTSIDE THE FEDERAL BUDGET

The budget does not include some activities of the Federal Government that result in spending similar to budget outlays. These activities, nevertheless, channel economic resources toward particular uses in ways that are analogous to the effects of budget spending.

The total receipts and outlays of the Federal Government are composed of both on-budget receipts and outlays and off-budget receipts and outlays. The receipts and outlays of the off-budget Federal entities are a significant exclusion from the budget. Recent legislation made a major change in the budgetary classification of several activities by putting all of the previously off-budget Federal entities into the budget and moving social security off-budget. The first section below discusses the off-budget Federal entities.

This is followed by a discussion of fiscal activities that are outside the scope of budget outlays by their inherent nature. Taxation and tax expenditures have significant allocative effects on the economy that are analogous to budget outlays. Some types of regulation have economic effects that are similar to budget outlays by requiring the private sector to make expenditures for specified purposes such as safety and pollution control. Two other major fiscal activities not recorded in budgetary outlays are the outlays of the Government-sponsored enterprises, which are excluded from the budget because the enterprises are privately owned, and loan guarantees, which generally do not result in budget outlays except in the case of default. Government-sponsored enterprises and loan guarantees were discussed in this section in previous budgets but this year are discussed in Part 6c, "Federal Credit Budget," together with the other Federal credit activities.

Off-budget Federal entities.—The Federal Government has used the unified budget concept as the foundation for its budgetary analysis and presentation since the 1969 budget. This concept calls for the budget to include all of the Government's fiscal transactions with the public. Starting in 1971, however, various laws have been enacted under which several Federal entities have been removed from the budget or created outside the budget. Most recently, the Balanced Budget and Emergency Deficit Control Act of 1985 (the Gramm-Rudman-Hollings Act), enacted in December 1985, put all the previously off-budget Federal entities into the budget and moved social security off-budget.

The off-budget Federal entities are federally owned and controlled, but their transactions are excluded from the budget totals under provisions of law. When an entity is off-budget, its receipts, outlays, and surplus or deficit are not included in budget receipts, budget outlays, or the budget deficit; appropriations requests for its programs and other sources of its budget authority are not included in the totals of budget authority for the budget; and its outlays, receipts, and surplus or deficit ordinarily are not subject to the targets set by the congressional budget resolution. The off-budget deficit is, however, included in calculating the maximum deficit amounts set by the Balanced Budget and Emergency Deficit Control Act. Moreover, as shown in the table on page 6a–21, the surplus or deficit of the off-budget Federal entities is added to the budget deficit to derive the total Federal Government deficit, which is approximately the amount that the Federal Government has to finance by borrowing from the public. Also as shown in this table, the off-budget entities may hold a significant amount of Federal debt securities. This debt is part of the gross Federal debt, and almost all of it is subject to the statutory debt limitation.[3] [4]

The first departure from the unified budget concept occurred in August 1971, when the Export-Import Bank was excluded by statute from the budget. Further departures followed in the next few years under various statutes. The Postal Service fund, the Rural Telephone Bank, the lending transactions that became the Rural Electrification and Telephone revolving fund, and the Housing for the Elderly or Handicapped fund were removed from the budget. The Federal Financing Bank, the U.S. Railway Association, and the Pension Benefit Guaranty Corporation were established off-budget. The Exchange Stabilization Fund had always been outside the unified budget, although it was initially classified as a deposit fund instead of an off-budget Federal entity.

The trend toward steadily increasing the number of off-budget Federal entities subsequently changed. The Export-Import Bank, the Housing for the Elderly or Handicapped fund, and the Pension Benefit Guaranty Corporation were put on-budget by statute in different years. The operations of the Exchange Stabilization Fund were put on-budget in a series of legislative and administrative actions. Most of the transactions of the U.S. Railway Association were brought into the budget by legislation that required its purchases of Conrail securities to be included in the budget. On the other hand, two new off-budget Federal entities were established to carry out energy programs. The Synthetic Fuels Corporation was created outside of the budget in 1980, although all of its funding was provided in the on-budget totals of the Treasury Department. The cost of purchasing oil for the strategic petroleum reserve, but not the cost of construction and other activity, was put off-budget beginning in 1982.

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[3] Financial statements for the off-budget Federal entities are published in the chapter entitled "Department of Health and Human Services, Social Security," in the *Appendix, Budget of the United States Government, Fiscal Year 1987*, Part I.

[4] The Board of Governors of the Federal Reserve System is a Federal organization. It is excluded from the budget, from this discussion, and from the legislative proposals and changes in law. Financial statements are published for information purposes in the *Appendix*, Part IV, "Government-Sponsored Enterprises."

Notwithstanding the exclusion of the off-budget entities from the budget, some of the outlays related to their operations were nonetheless included in the budget totals. The budget totals included the funding of the Synthetic Fuels Corporation, certain expenses of the strategic petroleum reserve, the Federal payment to the Postal Service fund, the administrative expenses of the U.S. Railway Association, and the administrative expenses and appropriations to reimburse losses of the Rural Electrification Administration lending programs.

Moreover, while the budget authority and outlays of off-budget Federal entities were excluded from the budget totals, some of their activities were subject to other methods of Presidential and congressional review. In particular, the credit budget, discussed in Part 6c of this volume, included the direct loan obligations and guaranteed loan commitments of the off-budget entities as well as the on-budget agencies. In addition, the congressional budget resolutions for 1980 recommended that the congressional budget process should accurately relate off-budget activities to the budget. Following this procedural recommendation, the budget resolutions beginning in 1981 have contained targets for credit that included the obligations for new direct loans made by the off-budget Federal entities.

The Federal entities that were off-budget before this year primarily made direct loans to the public, and the Federal Financing Bank (FFB) accounted for most of the off-budget outlays. The FFB does not operate programs itself. Rather, the FFB finances other programs within the Government by making direct loans to the public on behalf of these programs, by purchasing their loan assets (i.e., loans that an agency has made to the public and for which repayment is still owed), or by purchasing their newly issued debt securities. FFB obtains the funds for these transactions by borrowing an equal amount from Treasury. The operation of the assisted programs remains with the agencies that FFB finances.[5]

In last year's budget the Administration proposed that the FFB and all the other off-budget Federal entities be placed on-budget.

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[5] The FFB is discussed in some detail in Special Analysis F, "Federal Credit Programs." See also Special Analysis E, "Borrowing and Debt."

The Administration had been especially concerned about the effects of off-budget direct loans in allocating credit toward specific uses and about the need to finance these loans by additional Federal borrowing from the public. Consistent with this proposal, the 1986 budget treated the entities that were off-budget under current law as though they were on-budget. Thus, the spending of these entities was reflected in both budget outlays and the budget deficit; and the budget authority for their programs was included in the totals of budget authority for the budget. The budget data for 1984 and all previous years were revised to include these entities, so that the year-to-year comparisons and historical series would be as accurate and consistent as possible.

The congressional budget resolution for 1986 followed this proposal by including these entities on-budget, and the Balanced Budget and Emergency Deficit Control Act of 1985 enacted the proposed change into law. The Federal Financing Bank and all the other Federal entities that had been off-budget were placed on-budget for all purposes of the Presidential budget and the congressional budget resolution. Consistent with the Administration's proposal, the Act requires that the outlays of the FFB be charged to the agencies that use the FFB to finance their programs, whereas under previous law they were treated as the outlays of the FFB itself. For example, when the FFB makes a loan to an electric utility on behalf of the Rural Electrification and Telephone revolving fund, the outlays are now charged to a separate account within the agency that includes the fund (the Department of Agriculture), rather than being charged to the FFB itself (and to the Treasury Department, which includes the FFB). The only outlays now charged to the FFB itself derive primarily from its net interest and administrative expense. Recording the outlays and budget authority in the agency and program that are responsible for the Government making the loan will improve the review and control of Federal outlays and credit by both the Congress and the executive branch. The total outlays of the entities that were formerly off-budget were $9.1 billion in 1985.

The Balanced Budget and Emergency Deficit Control Act also changed the budgetary status of social security. The Social Security Amendments of 1983 had already provided that beginning in 1993 the old-age and survivors insurance trust fund (OASI), the disability insurance trust fund (DI), and the hospital insurance trust fund (HI) would be excluded from the budget. The Balanced Budget and Emergency Deficit Control Act provided that OASI and DI (but not HI) be off-budget as of 1986. Notwithstanding this provision, however, the Act also provided that the receipts and disbursements of OASI and DI shall be included in calculating the maximum deficit amount allowed under this Act and in calculating the excess deficit

COMPARISON OF TOTAL, ON-BUDGET, AND OFF-BUDGET TRANSACTIONS [1]

(In billions of dollars)

Fiscal year	Receipts			Outlays			Surplus or deficit (−)		
	Total	On-budget	Off-budget	Total	On-budget	Off-budget	Total	On-budget	Off-budget
1970	192.8	159.3	33.5	195.6	168.0	27.6	−2.8	−8.7	5.9
1971	187.1	151.3	35.8	210.2	177.3	32.8	−23.0	−26.1	3.0
1972	207.3	167.4	39.9	230.7	193.8	36.9	−23.4	−26.4	3.1
1973	230.8	184.7	46.1	245.7	200.1	45.6	−14.9	−15.4	0.5
1974	263.2	209.3	53.9	269.4	217.3	52.1	−6.1	−8.0	1.8
1975	279.1	216.6	62.5	332.3	271.9	60.4	−53.2	−55.3	2.0
1976	298.1	231.7	66.4	371.8	302.2	69.6	−73.7	−70.5	−3.2
TQ	81.2	63.2	18.0	96.0	76.6	19.4	−14.7	−13.3	−1.4
1977	355.6	278.7	76.8	409.2	328.5	80.7	−53.6	−49.7	−3.9
1978	399.6	314.2	85.4	458.7	369.1	89.7	−59.2	−54.9	−4.3
1979	463.3	365.3	98.0	503.5	403.5	100.0	−40.2	−38.2	−2.0
1980	517.1	403.9	113.2	590.9	476.6	114.3	−73.8	−72.7	−1.1
1981	599.3	469.1	130.2	678.2	543.0	135.2	−78.9	−73.9	−5.0
1982	617.8	474.3	143.5	745.7	594.3	151.4	−127.9	−120.0	−7.9
1983	600.6	453.2	147.3	808.3	661.2	147.1	−207.8	−208.0	0.2
1984	666.5	500.4	166.1	851.8	686.0	165.8	−185.3	−185.6	0.3
1985	734.1	547.9	186.2	946.3	769.5	176.8	−212.3	−221.6	9.4
1986 est.	777.1	579.2	197.9	979.9	795.1	184.7	−202.8	−216.0	13.2
1987 est.	850.4	636.1	214.3	994.0	795.4	198.6	−143.6	−159.3	15.7
1988 est.	933.2	690.4	242.8	1,026.8	817.1	209.6	−93.6	−126.8	33.2
1989 est.	996.1	732.5	263.7	1,063.6	843.8	219.9	−67.5	−111.3	43.8
1990 est.	1,058.1	771.9	286.1	1,093.8	862.1	231.8	−35.8	−90.1	54.4
1991 est.	1,124.0	818.6	305.4	1,122.7	884.3	238.5	1.3	−65.6	67.0

[1] The 1972–85 data have been revised to include in the budget totals the transactions of all the entities that were classified as off-budget in any of these years and, to the extent possible, the transactions of the Exchange Stabilization Fund before they were included in the budget.

for purposes of this Act. (The role of these particular deficit calculations is explained in Parts 2 and 6b of this volume.) In order to provide consistent comparisons over time, the budget data for 1985 and all previous years have been revised to exclude OASI and DI and to show them instead as off-budget Federal entities.[6]

The table above compares the total Federal Government receipts, outlays, and deficit with the amounts that are on-budget and off-budget (i.e., OASI and DI). In 1987 the off-budget receipts are an estimated 25.2% of total receipts, and the off-budget outlays are an estimated 20.0% of total outlays. The off-budget surplus of $15.7 billion is significant relative to the on-budget deficit of $159.3 billion. As shown in this table, off-budget receipts and outlays have grown more rapidly than the on-budget amounts since 1970 and are estimated to continue growing more rapidly through 1991. The off-budget entities in total had deficits during 1976–82, but because of the Social Security Amendments of 1983 and an improving economy they have had surpluses beginning in 1983 and are estimated to have growing surpluses through 1991.

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[6] The changes in budgetary accounting that were made when social security was shifted off-budget are explained in Special Analysis C, "Funds in the Budget."

Taxation and tax expenditures.—Taxation provides the Government with receipts, which withdraw purchasing power from the private sector in order to finance direct Government expenditure. In addition to this effect, the structure of the tax system has important effects on the allocation of resources among private uses and the distribution of income among individuals. These effects are caused by the choice of taxes and by the structural characteristics of each of these different taxes—for example, by the rate schedules, exemptions, deductions, and exclusions of the individual income tax. The effects of taxation on resource allocation and income distribution are analogous to the effects of outlays.

Some features of the tax system have been defined as "tax expenditures" and receive special attention in the budget. Tax expenditures are defined as amounts attributable to provisions of the Federal income tax laws that allow a special exclusion, exemption, or deduction from gross income or that provide a special credit, a preferential rate of tax, or a deferral of tax liability. The Congressional Budget Act requires that estimates of tax expenditures be published in the budget.

Tax expenditures are so designated because they are one means by which the Federal Government pursues public policy objectives, and because in many cases they can be regarded as an alternative means of achieving the same objectives as direct expenditures. They can also be regarded as an alternative means of achieving the same objectives as other instruments of Government policy, such as loan guarantees, regulations, and provisions of the tax law other than those provisions that cause tax expenditures. There are numerous examples of the similarity in objective between tax expenditures and direct outlays. For instance, the cost of buying ships built in U.S. shipyards is reduced both by construction subsidies and by the deferral of tax on the shipping company income used to buy new ships; and the cost of borrowing by eligible persons and businesses is reduced both by direct loans at subsidized interest rates and by tax exemption for bonds. Similarly, State and local governments benefit both from direct grants and from the ability to borrow funds at tax-exempt rates; and individuals benefit both from social security payments and from the tax exemption of most of these payments.

Tax expenditures ordinarily result from permanent legislation. They therefore are not submitted to the Congress each year and do not routinely receive a formal and systematic annual review. In this sense they share a legislative status with entitlement programs, such as social security, which do not require annual appropriations. However, tax expenditures, other provisions of the income tax, and other tax laws are generally reviewed whenever fiscal policy decisions are considered regarding the overall level of tax receipts. Many tax expenditures and other tax law provisions were changed in the revenue acts since 1981; and during the past year the Treasury Department and the Congress have comprehensively reviewed the income tax law including both its tax expenditures and its other provisions.

The classification of certain provisions of law as resulting in tax expenditures requires some baseline tax structure against which the actual tax law can be compared. Deviations of the law from this baseline are deemed to cause tax expenditures. The Congressional Budget Act does not provide an exact specification of the baseline against which tax expenditures are to be measured.

The baseline used in the budget is intended to consist of the general provisions of the Internal Revenue Code. For the individual income tax, the baseline in the budgets since 1983 has included those provisions that exist under current law for the definition of taxpaying units (including the separate corporation income tax), graduated rate schedules, personal exemptions, zero-bracket amounts (standard deductions), and basic accounting rules. The baseline before 1983 was similar, but in addition it required that the time pattern of depreciation deductions approximate the useful life of assets and that all cash transfers from government be included in calculating taxable income. By definition, characteristics of the tax structure included in the baseline do not give rise to tax expenditures.

The use of many of the general provisions of the Internal Revenue Code for defining both of these baseline tax structures makes it clear that listing an item as a tax expenditure does not imply that it is either a desirable or an undesirable provision. When different provisions of the Code are considered to be in the baseline, the list of tax expenditures is different and the amounts of particular tax expenditures may also be different. For example, in contrast with the baseline used in earlier years, the baseline used in the budgets since 1983 has considered the accelerated cost recovery system (ACRS) to be the general method for depreciating assets and therefore has included ACRS as part of the baseline; this baseline has also excluded public assistance payments from baseline income. Therefore, under this baseline, unlike the pre-1983 baseline, tax expenditures do not arise from either the use of ACRS or the exclusion of public assistance benefits from adjusted gross income. The present budget shows tax expenditures relative to both of these baselines.

These two baselines are not the only ones that might be used. In particular, a baseline tax structure might reflect a normative judgment about a truly comprehensive income tax base. A truly comprehensive income tax base, among other changes, would adjust incomes for the effects of inflation; would integrate the individual and corporation income taxes rather than regarding the separate tax treatment of individuals and corporations as part of the baseline tax structure; would include imputed income, such as the consumption benefits received from owner-occupied homes; and would tax income when it was accrued instead of when it was realized. Thus, for example, the failure under present law to tax imputed income would be regarded as giving rise to tax expenditures. On the other hand, the failure under present law to take account of inflation in measuring capital gains, depreciation, and interest income would be regarded as negative tax expenditures, since these deviations from the comprehensive baseline would raise the amount of taxes paid. Consequently, under such a baseline structure, the list of tax expenditures and their estimated amounts would be different from what they are now.

Some of the items listed as tax expenditures under one or both of the present baselines can be regarded to some degree as inexact but practicable adjustments to correct for departures of the baseline from a fully comprehensive tax base. For example, the exclusion of 60 percent of long-term capital gains from taxable income may be regarded as a method of adjusting for the overstatement of real income from capital gains during a period of inflation. Similarly, the use of more accelerated depreciation methods than economic life—which is a tax expenditure under the pre-1983 baseline—may be regarded as a means of offsetting the failure to adjust depreciation deductions for increases in the price level.

Regardless of how the baseline is defined, the provisions of the tax law that do not result in tax expenditures deserve as much scrutiny as the provisions of the tax law that do. This is because the other provisions also have major effects on the allocation of resources and the distribution of income, and because these other provisions may be alternative means of achieving the same objectives or analogous objectives as tax expenditures achieve. For example, investment in equipment may be stimulated by either an increase in the investment tax credit or a decrease in the corporation income tax rate; the former is a change in a tax expenditure, but the latter is not. Similarly, income support may be provided by either the exclusion of social security benefits from taxable income or by the zero-bracket amount (standard deduction); the former causes a tax expenditure, but the latter does not.

Tax expenditures are estimated in two steps. First, the revenue loss of a tax provision is estimated, i.e., the difference between tax receipts and the amount that tax receipts would be if the tax law conformed to a specified baseline. If removing a tax provision would increase taxable income, for example, the revenue loss is estimated as the increase in taxable income multiplied by the tax rate that would be paid on the additional income.

The revenue loss is then adjusted to an outlay equivalent, i.e., the amount of outlays that would be required to provide an equal after-tax income to the taxpayer as the special tax provision provides (and thereby also to provide an equal incentive). In many cases the required outlays are greater than the revenue loss, because taxpayers would have to pay taxes on the higher income derived from the outlays. For example, one tax expenditure provision is the exclusion from taxable income of the value of housing and meals supplied to military personnel. If the Government were to repeal this tax exclusion and instead pay higher salaries, the increase in salaries would be taxed. Consequently, if the Government were to use taxable direct expenditures rather than tax expenditures and were to provide the same total after-tax compensation, the increase in direct outlays for higher salaries would have to be greater than the revenue loss under the special tax provision. The Federal deficit would be the same in either case, however, because higher outlays would be required only to the extent needed to make up the difference caused by higher tax receipts.

This adjustment makes the tax expenditures more comparable with direct outlays than the revenue loss would be and therefore more useful in analyzing Federal programs. For some tax expenditures, though, the revenue loss is equivalent to a direct outlay without any adjustment. Special Analysis G, "Tax Expenditures," presents estimates of tax expenditures defined both as outlay equivalents and as revenue losses, but for program analysis in this budget only the outlay equivalent estimates are used.

The size of a particular tax expenditure depends not only on the tax provision in question but also on the interaction of this provision with the rest of the tax structure. The reductions in the income tax rate schedule proposed by this Administration, for example, would automatically decrease many tax expenditures below what they otherwise would have been. A tax rate reduction decreases the amount of receipts that would be gained by repealing deductions, exemptions, and exclusions, because lower tax rates are applied to the increase in taxable income.

The interaction among tax provisions means that special calculations are generally needed to add tax expenditures together. For example, if more than one exclusion from individual income were ended, the gain in receipts would generally be greater than the sum of the separate tax expenditures, because some taxpayers would move into higher tax rate brackets. If more than one personal deduction were ended, the gain in receipts would generally be smaller than the sum of the separate tax expenditures, because some taxpayers would switch to using the zero-bracket amount (standard deduction). Consequently, adding together separate tax expenditures would usually be misleading, and they are not aggregated in this budget except for specially computed totals by functional category.

Tax expenditures are presented at two places in the budget. Part 5, "Federal Programs by Function: Meeting National Needs," discusses the major tax expenditures in each functional category, together with outlays and guaranteed loans, in order to describe more fully the Government's policy. Special Analysis G, "Tax Expenditures," analyzes the concept and measurement of tax expenditures and presents a complete list of tax expenditure estimates for 1985-87. The discussion in Part 5 and the functional totals are based on the pre-1983 baseline.

The Administration has proposed a major plan to revise the Federal individual and corporation income taxes, which would abolish or reduce many tax expenditures, decrease income tax rates, and in other ways affect the allocation of economic resources and the distribution of income. In addition, as explained in Part 4 of this volume, "Federal Receipts by Source," the Administration is proposing a number of tax changes in the present budget. New tax expenditures would include a tuition tax credit for students at private elementary and secondary schools and education savings accounts for college and university expenses. Other proposed measures, such as repealing various exemptions from the gasoline and diesel fuel taxes, would change receipts but not tax expenditures.

Regulation.—Federal regulations provide a large variety of goods and services to the public, including the protection of the environment, the creation of incentives for the development of useful innovations, and the fair and efficient disbursement of Federal entitlements. These three types of regulatory activities are examples of the major categories of regulation: social, economic, and managerial. Social regulation generally establishes standards either for the characteristics of products or for the methods of producing products. Social regulations are usually aimed at curbing the unintended, harmful effects of products or production methods, such as pollution and accidents from industrial production or product use. Economic regulation directly controls prices and market entry in order to promote competition and curb monopolistic behavior. In the last ten years the scope of economic regulation at the Federal level has been significantly reduced as the harmful effects of regulating naturally competitive industries have become better understood.[7] Finally, managerial regulation sets the conditions for the efficient and proper use of Government funds and property and ranges from the terms for procurement of Government purchases to the Federal tax code.

Social regulation differs from the other Federal activities outside the budget—from loan guarantees and tax expenditures, in particular, and also from the other forms of regulation—by directly requiring expenditures for specific public purposes rather than inducing desired private action by offering various types of incentives. Nevertheless, social regulatory activities are directly analogous to budget outlays in two important ways.

First, the expenditures required by regulation have many of the same overall economic effects on output, employment, prices, and growth as do budget outlays. The Federal Government finances outlays by diverting resources from the private sector through taxation or borrowing. Similarly, business firms finance expenditures required by regulation (e.g., for pollution control) by borrowing, increasing prices, reducing other expenditures, or reducing dividends. These, of course, are the same ways firms finance taxes and thus have the same general effects on the economy as do many taxes. The incentive effects on working, investing, and saving may differ from income taxes, however, to the extent that tax liability is more directly tied to earnings, profits, and interest income than is regulation. Thus regulation may be closer to user fees and excise taxes in such impacts than to income taxes. In such instances social regulation can be considered a cost of production.

Second, the effects of social regulation on the allocation of economic resources are also similar to the effects of budget outlays. Most fundamentally, in both cases private resources are diverted to public purposes. Furthermore, in many cases expenditures required by regulation may be an alternative means of achieving the same public policy objectives as budget outlays or other instruments of Government policy such as taxes, tax expenditures, or loan guarantees. For example, firms can be required by regulation to treat their effluents before dumping. Alternatively, public waste water treatment facilities can be constructed by direct expenditure of the Federal Government; such facilities can be constructed by States and localities with assistance in the form of Federal outlays for grants; they can be constructed by private firms with assistance from Federal loan guarantees for their borrowing, Federal income tax exemption for the interest on their bonds, or rapid amortization of their capital costs for determining their Federal income tax; or the Federal Government could even charge firms an effluent fee sufficient to cause them to cut back on their dumping by the same amount. The basic allocative effects are similar, although the efficiency of the method might differ from one policy instrument to another, and the implications for the distribution of income might also differ.

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[7] A brief history of this deregulatory effort is presented in chapter 5, "Reforming Regulation: Utilizing Market Incentives," of the *Economic Report of the President* (February 1986).

Perhaps the most basic procedural difference between budget outlays, loan guarantees, and tax expenditures on the one hand, and expenditures to meet social regulations on the other, is that no systematic accounting is kept of the latter. Some incomplete estimates of these expenditures have been made by adding up estimates of the costs of individual regulations made by various researchers, who often use different methods, assumptions, and time periods. Not surprisingly, these estimates show considerable variation. They range from about $50 billion to $150 billion per year in 1984 dollars, which is equal to about 6 to 18 percent of Federal outlays.

The Federal Government thus does not currently have any formal accounting of regulatory costs or any process analogous to the budget process for the purposes of reviewing and controlling regulatory costs, either in the aggregate or for individual programs. Nevertheless, new regulatory activities are now examined under a formal review process established by Executive Order 12291, issued in February 1981, and Executive Order 12498, issued in January 1985. Executive Order 12291 established regulatory principles and required each agency covered by the Order to adhere to them, to the extent permitted by law. Agencies must also submit drafts of proposed and final rules and drafts of regulatory impact analyses, before they are issued, to the Office of Management and Budget for review for consistency with the President's principles. According to these principles, agencies must:

- base regulations upon adequate information concerning the need for and consequences of the proposed action,
- not issue regulations unless the potential benefits to society outweigh the potential costs to society, and
- select the alternative approach to a given regulatory objective that involves the least net cost to society.

These policies are conducted within the statutory authorities of the agencies and apply only to the extent of the discretion given by the statutes to Federal regulatory officials.

Executive Order 12498 established that an annual regulatory progam would be developed and published each April in order to explain the Administration's regulatory plan and priorities for the upcoming year. Agencies are required to submit to the Office of Management and Budget a statement of the regulatory policies, goals, and objectives they intend to pursue during the coming year. This Executive Order also directs the agencies to provide summary descriptions of all significant regulatory actions underway or planned for the coming year. The Office of Management and Budget is directed by the Executive Order to review each agency's draft regulatory program for consistency with the Administration's regulatory policies and priorities and with the regulatory programs submitted by other agencies. The first *Regulatory Program of the United States Government* was published August 8, 1985.

This program moves the regulatory oversight process a step closer toward the budgetary process, because the Administration's priorities and goals are now spelled out in one document for Congress and the American people to understand and review. This process, however, cannot deal systematically with the overall impact of regulatory activities on the economy until an estimate of the annual incremental expenditures required by regulation is made. This is extremely difficult because, unlike budgetary decisions, regulatory decisions are still to a large extent made on an individual basis.

In an effort to determine better the overall effects of regulatory activities and to improve the regulatory oversight process, members of Congress and the past two Administrations have considered developing an accounting framework to track expenditures directly required by regulation. This framework, however, is still in the proposal stage, and more work needs to be done to solve the practical accounting problems inherent in measuring private regulatory expenditures.

One practical problem is that in order to get accurate expenditure figures it might be necessary to ask private firms and individuals to keep records, which would create a considerable compliance burden. Second, estimating which expenditures were made because of a regulation compared to which would have occurred in the absence of regulation is often extremely subjective. For example, in the absence of regulations for automobile safety standards some level of safety would still be built into vehicles, but since the amount is unknown the additional cost of regulation cannot be calculated accurately. A third type of problem arises because the indirect costs of regulation are extremely difficult to estimate and probably are relatively more important for regulation than for spending and taxing.

Indirect costs result when regulation reduces otherwise desirable economic activities by raising production or product costs, by making the product less desirable, or, in the extreme, by banning the product or making it unprofitable to produce. The economic loss caused by this decline in economic activity is the excess of the value to consumers of this forgone output above the costs of production. Since this indirect cost is not directly measurable, and can only be estimated by complicated statistical models, it would be problematic to combine estimates of these indirect costs with the direct costs of regulation. Yet measuring only the direct expenditure costs of regulation for use in an oversight program may create a bias toward banning substances and products rather than controlling them, since banning a product, service, or manufacturing process mainly gives rise to indirect costs. These practical problems, although important, do not appear to be intractable. They should be addressed, however, in developing an accounting system for measuring the aggregate impacts of regulation.

BUDGET FUNDS AND THE FEDERAL DEBT

The budget consists of two major groups of funds: Federal funds and trust funds. The Federal funds are derived mainly from tax receipts and borrowing and are used for the general purposes of the Government. Most of these funds are not restricted by law to any specific Government program. The trust funds, on the other hand, collect certain taxes and other receipts for specified purposes, such as paying social security and unemployment insurance benefits. The social security trust funds (old-age and survivors insurance and disability insurance) are now excluded from the budget by law and classified as off-budget Federal entities.

The budget includes the receipts and outlays of both the Federal funds and the on-budget trust funds and, as shown in the table on the next page, deducts the various transactions that occur between them in order to arrive at the on-budget totals for receipts, outlays, and the deficit. The on-budget totals plus the off-budget totals may be added, as shown in the table, to arrive at the total receipts, outlays, and deficit of the Federal Government. These latter totals for receipts and outlays therefore generally represent the net transactions of the Federal Government with the public.[8]

Thus, as shown in the subsequent table, the Federal deficit or surplus is the principal determinant of the change in the Federal debt held by the public.[9] The Federal deficit, together with the other factors noted in this table, is estimated to increase the Federal debt held by the public by $204.2 billion in 1986 and $141.7 billion in 1987, with the amount of Federal debt held by the public being $1,855.7 billion at the end of 1987. These borrowing projections, like the deficits on which they are based, are consistent with the economic assumptions that are explained in Part 2 of this volume.

Gross Federal debt is the sum of the debt held by the public and the debt held by the Government itself, which includes such invest-

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[8] Special Analysis C, "Funds in the Budget," discusses further the two major groups of funds and the off-budget Federal entities.

[9] Table 6 in Part 6e of this volume contains more detail on budget financing through 1991 and shows the levels of debt from 1985 to 1991. Federal borrowing and debt are discussed extensively in Special Analysis E, "Borrowing and Debt." Historical data since 1940 are published in *Historical Tables, Budget of the United States Government, Fiscal Year 1987.*

TRANSACTIONS BY FUND GROUP

(In billions of dollars)

	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
Receipts:					
On-budget:					
Federal funds	459.5	485.2	533.3	583.5	622.8
Trust funds	197.7	207.2	216.7	228.8	240.7
Interfund transactions	–109.4	–113.1	–113.9	–122.0	–131.0
Total, on-budget receipts	547.9	579.2	636.1	690.4	732.5
Off-budget (trust funds)	186.2	197.9	214.3	242.8	263.7
Total, Federal Government receipts	734.1	777.1	850.4	933.2	996.1
Outlays:					
On-budget					
Federal funds	726.1	750.9	751.8	773.1	799.2
Trust funds	152.7	157.4	157.5	166.0	175.6
Interfund transactions	–109.4	–113.1	–113.9	–122.0	–131.0
Total, on-budget outlays	769.5	795.2	795.4	817.1	843.8
Off-budget (trust funds)	176.8	184.7	198.6	209.6	219.9
Total, Federal Government outlays	946.3	979.9	994.0	1,026.8	1,063.6
Surplus or deficit (–):					
On-budget:					
Federal funds	–266.6	–265.8	–218.5	–189.5	–176.4
Trust funds	45.0	49.8	59.2	62.8	65.1
Total, on-budget surplus or deficit (–)	–221.6	–216.0	–159.3	–126.8	–111.3
Off-budget (trust funds)	9.4	13.2	15.7	33.2	43.8
Total, Federal Government surplus or deficit (–)	–212.3	–202.8	–143.6	–93.6	–67.5

ments as the Treasury debt held by the social security, unemployment, and other trust funds. At the end of 1987 gross Federal debt is estimated to be $2,320.6 billion, of which debt held by the Government itself is $464.9 billion. Thus, gross Federal debt is much larger than the Federal debt held by the public.

Gross Federal debt is estimated to rise by $208.6 billion during 1987. As indicated in the lower section of the following table, $66.9 billion of this increment will be held in trust funds and other Government accounts. This is mainly due to the investment of trust fund surpluses in Treasury debt.

The gross Federal debt consists almost entirely of securities issued by the Treasury Department. However, a few Government agencies are authorized to issue their own debt instruments to the public or to other Government accounts. These securities are part of the gross Federal debt. At the end of 1985 the public held $3.3 billion of agency debt, most of which was issued some years ago. The greater part consists of revenue bonds issued by the Tennessee Valley Authority and participation certificates in pools of loans

FEDERAL GOVERNMENT FINANCING AND CHANGE IN DEBT OUTSTANDING [1]

(In billions of dollars)

Description	1985 actual	1986 estimate	1987 estimate	1988 estimate	1989 estimate
Surplus or deficit (−)	−212.3	−202.8	−143.6	−93.6	−67.5
On-budget	(−221.6)	(−216.0)	(−159.3)	(−126.8)	(−111.3)
Off-budget	(9.4)	(13.2)	(15.7)	(33.2)	(43.8)
Means of financing other than borrowing from the public:					
Decrease or increase (−) in Treasury operating cash balance	13.4	−2.9	…	…	…
Increase or decrease (−) in:					
Checks outstanding, etc	−1.0	.4	1.5	…	…
Deposit fund balances	2.1	.7	−.1	…	…
Seigniorage on coins	.5	.4	.5	.6	.8
Total, means of financing other than borrowing from the public	15.0	−1.4	2.0	.6	.8
Total, requirements for borrowing from the public	−197.3	−204.2	−141.7	−93.0	−66.8
Change in debt held by the public	**197.3**	**204.2**	**141.7**	**93.0**	**66.8**
Change in Federal debt held by Government accounts:					
Federal funds	2.0	.3	−.7	…	…
Trust funds (on-budget) [2]	45.8	75.3	50.7	62.2	64.8
Off-budget Federal entities (trust funds) [3]	4.8	5.1	16.3	33.2	43.8
Deposit funds [4]	.9	−.3	.7	…	…
Total, change in Federal debt held by Government accounts	53.5	80.4	66.9	95.4	108.6
Change in gross Federal debt	**250.7**	**284.5**	**208.6**	**188.3**	**175.4**

*$50 million or less.

[1] Several amounts have been assumed to be zero in 1987–89 because they are usually small and cannot be estimated accurately.

[2] Estimates for 1988 and 1989 are approximately equal to the surplus of the trust funds on-budget.

[3] Estimates for 1988 and 1989 are equal to the surplus of the trust funds off-budget.

[4] Only those deposit funds classified as Government accounts.

issued by the Government National Mortgage Association on behalf of several agencies. Agency debt is expected to decline by small amounts each year as existing agency debt matures and most new agency borrowing is from the Federal Financing Bank (FFB). The FFB finances its purchases of agency debt by borrowing from Treasury, which in turn borrows from the public. To prevent double counting, FFB's holdings of agency debt are not included in gross Federal debt.

Almost all Treasury securities are covered by a general statutory debt limitation. The present limit is $2,078.7 billion. The debt subject to limit is estimated to rise to $2,108.5 billion by the end of 1986. Therefore, to permit the Federal Government to meet its obligations, the limit will have to be raised during 1986.

FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO LIMIT

(In billions of dollars)

Description	1985 actual	1986 estimate	1987 estimate
Federal funds surplus or deficit (–)	–266.6	–265.8	–218.5
Means of financing other than borrowing:			
Decrease or increase (–) in Treasury operating cash balance	13.4	–2.9	
Increase or decrease (–) in:			
Checks outstanding, etc	3.9	–16.9	9.5
Deposit fund balances	2.1	.7	–.1
Seigniorage on coins	.5	.4	.5
Total, means of financing other than borrowing	19.9	–18.7	9.9
Decrease or increase (–) in Federal debt held by Federal funds and deposit funds [1]	–3.9	–.1	–*
Increase or decrease (–) in Federal funds debt not subject to limit	–.1	–.2	–.3
Total, requirements for borrowing subject to debt limit	–250.8	–284.7	–208.9
Change in debt subject to limit	250.8	284.7	208.9

*$50 million or less.

[1] Only those deposit funds classified as Government accounts.

Debt subject to the general statutory limit, like gross Federal debt, includes debt held internally within the Government, such as the Treasury issues held by the social security trust funds. Debt subject to the statutory limit is therefore much larger than the debt held by the public and is nearly as large as gross Federal debt. It is a little less than gross Federal debt primarily because most agency debt is excluded from the general statutory limitation.

Since trust fund surpluses for the most part have been invested in debt securities, rather than being held as cash assets, the Federal funds deficit must be financed primarily by borrowing. This debt is almost entirely subject to the statutory limit. As shown in the table above, the Federal funds deficit was $266.6 billion in 1985, and the increase in debt subject to statutory limit was $250.8 billion. Thus, the Federal funds deficit approximately accounted for the increase in the debt subject to limit.

COMPARISON OF ACTUAL AND ESTIMATED FEDERAL GOVERNMENT TOTALS FOR 1985

The following sections compare the actual 1985 receipts, outlays, and deficit with the amounts estimated in the 1985 budget, which was transmitted to the Congress in February 1984 for the fiscal year ending on September 30, 1985.

Comparison of receipts.—Receipts in 1985 were $734.1 billion, which is $11.1 billion less than the February 1984 estimate of $745.1 billion. This was the net effect of differences in tax law from the legislation proposed in the 1985 budget, lower than anticipated incomes, and different collection patterns and effective tax rates than had been assumed.

COMPARISON OF ACTUAL 1985 RECEIPTS WITH THE FEBRUARY 1984 ESTIMATES

(In billions of dollars)

	February 1984 estimate [1]	Differences in tax law from 1984 proposals	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes	331.8	0.9	−2.7	4.5	2.7	334.5
Corporation income taxes	76.5	2.0	−11.0	−6.2	−15.2	61.3
Social insurance taxes and contributions	267.2	−1.9	−0.5	0.4	−2.0	265.2
On-budget	(79.4)	(−1.0)	(−0.1)	(0.7)	(−0.4)	(79.0)
Off-budget	(187.8)	(−0.9)	(−0.4)	(−0.3)	(−1.6)	(186.2)
Excise taxes	38.4	0.6	−1.3	−1.7	−2.5	36.0
Estate and gift taxes	5.6	....	....	0.8	0.8	6.4
Customs duties	9.4	−0.2	0.9	2.0	2.7	12.1
Miscellaneous receipts	16.1	0.2	0.9	1.3	2.4	18.5
Total	745.1	1.6	−13.7	1.0	−11.1	734.1
On-budget	(557.4)	(2.5)	(−13.3)	(1.3)	(−9.5)	(547.9)
Off-budget	(187.8)	(−0.9)	(−0.4)	(−0.3)	(−1.6)	(186.2)

*$50 million or less.

[1] The February 1984 estimates have been adjusted by the following amounts to reflect changes in the classification of taxes on social security benefits: individual income taxes ($3.4 billion), social insurance taxes and contributions (−$3.5 billion), and miscellaneous receipts ($0.1 billion).

Differences in tax law from the legislation proposed in the budget increased 1985 receipts by $1.6 billion. These legislative differences—which had the greatest effect on corporation income taxes and social insurance taxes and contributions—consisted of congressional inaction on, or modification of, the proposals in the 1985 budget, and of changes in law that the administration did not propose at that time.

Several structural reforms, and a variety of tax changes designed to curtail tax shelter, accounting, and corporate tax abuse, were proposed in the 1985 budget. These changes were estimated to increase 1985 receipts by $4.3 billion. Other proposals, which were estimated to increase 1985 receipts by a net $3.5 billion, included the taxation of employer-paid health insurance premiums in excess of a specified level, increases in contributions to civil service retirement, tax incentives for the redevelopment of economically distressed areas, a tuition tax credit, improvements in the tax structure and its impact upon women, and the extension of several expiring provisions. Altogether, the February 1984 proposals were estimated to increase 1985 receipts by $7.8 billion.

The Deficit Reduction Act of 1984 (DEFRA) was the only major tax law enacted after February 1984 that affected 1985 receipts. Many of the provisions of this Act were modifications of the structural reforms and curtailments in tax shelter, accounting, and corporate tax abuse proposed in the budget; but others, such as the increase in alcohol excise taxes and limitations on income averaging, had not been proposed in the budget. The provisions of

DEFRA, together with several minor legislative changes, increased 1985 receipts by a net $9.4 billion, which was $1.6 billion more than the administration had proposed.

Differences between the economic assumptions upon which the original receipts estimates were made and the actual outcome—primarily incomes and oil prices that proved to be lower than anticipated—accounted for a net decrease in receipts of $13.7 billion. Lower than anticipated corporate profits had the greatest effect on receipts, reducing collections of corporation income taxes by $11.0 billion. Individual income taxes were reduced $2.7 billion due to lower than expected personal incomes. Declining oil prices, which reduced collections of the windfall profit excise tax, were primarily responsible for the decrease in excise taxes of $1.3 billion.

Different collection patterns and effective tax rates than had been assumed in February 1984 increased collections of individual income taxes by $4.5 billion and reduced collections of corporation income taxes by $6.2 billion. Higher than expected imports, due primarily to the continued strength of the dollar relative to foreign currencies, increased customs duties by $2.0 billion. Technical factors increased other sources of receipts by a net $0.8 billion.

Comparison of outlays.—Outlays for 1985 were $946.3 billion, which is $6.0 billion higher than the initial estimate made by the Administration in its budget transmitted to Congress in February 1984. Budget outlays were $15.0 billion above the initial estimate, while off-budget outlays were $9.0 billion below it. This section reviews the major causes of the 1985 increase.

The following table compares the initial outlay estimate with the actual outlay total and shows both as a percent of GNP. While actual outlays were 0.6% above the initial estimate, they were 0.8% below the initial estimate as a percent of GNP. The table also compares defense with nondefense outlays. Actual outlays for defense were 7.1% below the initial estimate, while outlays for nondefense programs were 3.8% higher.

1985 OUTLAY DIFFERENCES

(Dollars in billions)

	February 1984 estimate	Actual	Percent change
Total outlays	940.3	946.3	+0.6
National defense	(272.0)	(252.7)	(−7.1)
Nondefense	(668.3)	(693.6)	(+3.8)
Total outlays as a percent of GNP	24.2	24.0	−0.8
Classification status:			
On-budget	754.5	769.5	+2.0
Off-budget	185.8	176.8	−4.8

Chronology of the outlay increase.—The Administration's initial estimate for outlays for 1985 was $940.3 billion. The table below shows subsequent revisions to this estimate. In April 1984, the estimate increased by $6.6 billion largely due to higher interest rate assumptions and higher than anticipated participation in Commodity Credit Corporation price support programs. This increase was partially offset by a $2.9 billion decrease in August 1984. Decreases due to enactment of the Deficit Reduction Act of 1984, congressional action on the 1985 budget, and lower than expected unemployment more than offset the increase from higher than anticipated interest rates. In February 1985, the outlay estimate increased by $15.2 billion. Department of Defense-Military outlays were lower due to congressional action on appropriations bills and an anticipated slowdown in spending. This decrease was more than offset by a $14.6 billion increase in the outlay estimate for low-rent public housing loans due to the replacement of tax-exempt financing with direct loans for Public and Indian Housing

CHRONOLOGY OF THE 1985 OUTLAY INCREASE

(In billions of dollars)

February 1984 estimate	940.3
Changes:	
April 1984 (April Update): Increases of $6.8 billion in net interest and $2.1 billion in farm price supports and a $0.8 billion decrease in offsetting receipts from the Outer Continental Shelf were partially offset by decreases of $2.2 billion in unemployment compensation and $0.5 billion in social security	+6.6
August 1984 (Mid-Session Review): Decreases of $5.8 billion for the Department of Defense-Military, $2.1 billion in unemployment compensation, $1.5 billion in military retirement, $1.4 billion in farm price supports, and $1.2 billion in low-rent public housing loans were partially offset by increases of $7.2 billion in net interest and $1.2 billion in medicaid	−2.9
February 1985 (1986 Budget): Decreases of $12.3 billion in the Department of Defense-Military and $2.5 billion in medicare were more than offset by increases of $14.6 billion for low-rent public housing loans, $3.6 billion in farm price supports, $2.4 billion for mortgage credit and deposit insurance programs, and $1.7 billion in social security	+15.2
April 1985 (April Update): The largest decreases were $1.7 billion for rural electrification loan asset sales and loan guarantee originations, $0.8 billion in net interest, $0.7 billion for social security, $0.7 billion for medicare, and $0.6 billion for the Export-Import Bank	−5.2
August 1985 (Mid-Session Review): Increases of $2.7 billion for the agricultural credit insurance fund, $1.8 billion for farm price supports, and $1.0 billion for the economic support fund were more than offset by decreases of $5.2 billion for the Department of Defense-Military, $1.4 billion for foreign military sales credit, $1.2 billion for social security, $1.1 billion for the elimination of a contingency allowance, and $1.0 billion for the Export-Import Bank	−6.6
September 30, 1985: Increases of $3.1 billion for the Department of Defense-Military and $1.3 billion for Federal Financing Bank loans secured by Navy ship leases were more than offset by decreases of $0.6 billion in social security, $0.5 billion for the Federal Deposit Insurance Corporation, $0.5 billion for the Federal Home Loan Bank Board, $0.4 billion for the Postal Service, and small amounts in other program	−1.0
Total increase	+6.0
Actual	946.3

Authorities' construction and acquisition, by higher than anticipated participation in Commodity Credit Corporation price support programs, and by increases in many other programs. Relatively small technical reestimates for many programs largely accounted for a $5.2 billion downward revision in the outlay estimate in April 1985. The outlay estimate was reduced further by $6.6 billion in August 1985 mostly due to slower than anticipated defense purchases. Actual outlays were $1.0 billion below the August 1985 estimate. Lower than expected spending by most agencies more than offset an unexpected increase in the rate of spending by the Department of Defense-Military and outlays of $1.3 billion for Federal Financing Bank loans secured by Navy ship leases that were not included in the previous budget estimates.

Major causes of the increase.—The following table distributes the $6.0 billion increase in outlays according to three categories: (1) policy changes, (2) economic conditions, and (3) estimating and other differences. The amounts in the first two categories represent rough approximations for the major items while the third category is a residual.

Policy changes to the 1985 budget proposals were a result of revised Administration proposals and congressional action that differed from the initial Administration proposals. The net increase due to policy changes was $14 billion. Outlays for national defense programs were $8 billion lower than proposed, whereas outlays for nondefense programs were $22 billion higher. A similar pattern also occurred for the three previous budget proposals.

Outlays for nondefense discretionary programs were about $7 billion above the Administration's original proposals due to policy changes. This includes increases in regular and supplemental appropriations bills.

Outlays for benefit payments to individuals were about $1 billion above the Administration's proposals due to policy changes. Outlays for military retirement were reduced by shifting the last payment of fiscal year 1985 into 1986. Administration proposals to reform Medicaid, AFDC, and low income programs were not enacted, thus increasing outlays.

SUMMARY OF REASONS FOR DIFFERENCE IN 1985 OUTLAYS

(In billions of dollars)

	On-budget	Off-budget	Total
Reasons for difference (net):			
Policy changes	13.8	0.1	13.9
Economic conditions	0.1	–0.9	–0.8
Estimating differences and other changes	1.1	–8.2	–7.1
Total	15.0	–9.0	6.0

Policy changes for other mandatory programs and inaction on several user fee proposals also increased non-defense outlays. Outlays for other mandatory programs were higher by $14 billion primarily due to suspension of tax-exempt financing for low-rent public housing, which was replaced by direct Federal loans. This increase was slightly offset by Congressional enactment of a one-time assessment on insured credit unions to recapitalize the National Credit Union. Failure of the Congress to enact several proposed user fees, including navigation user fees and Pension Benefit Guaranty Corporation premium increases, raised outlays by almost $0.5 billion.

Economic conditions differed from those forecast in February 1984 as shown in the following table. Growth in real GNP exceeded the growth projected by 1.2 percentage points in 1984 but fell short of the growth projected by 1.5 percentage points in 1985. Inflation, as measured by both the GNP deflator and the Consumer Price Index, was lower than projected for both 1984 and 1985. The total unemployment rate also was lower than anticipated in both years, by 0.4 percentage point in 1984 and 0.5 percentage point in 1985. Interest rates, as measured by the 91-day Treasury bill rate, were 1.1 percentage points higher than projected in 1984 and 0.2 percentage point lower in 1985.

COMPARISON OF FEBRUARY 1984 ECONOMIC FORECAST AND ACTUAL ECONOMIC PERFORMANCE

(Calendar years)

	February 1984 estimate		Actual		Difference	
	1984	1985	1984	1985	1984	1985
Percent change:						
GNP (constant 1972 dollars): 4th quarter over 4th quarter [1]	4.5	4.0	5.7	2.5	1.2	−1.5
Inflation (4th quarter over 4th quarter):						
GNP deflator [1]	5.0	4.7	3.6	3.3	−1.4	−1.4
Consumer Price Index (CPI)	4.5	4.7	3.6	3.2	−0.9	−1.5
Total unemployment rate (annual average)	7.8	7.6	7.4	7.1	−0.4	−0.5
Interest rate (91-day bills, annual average)	8.5	7.7	9.6	7.5	1.1	−0.2

[1] Based on data prior to the December 1985 benchmark revision of the national income and product accounts.

The difference between the economic forecast and economic performance resulted in a net outlay decrease of $0.8 billion. Estimates of the major components of this decrease are shown in the following table. Lower inflation reduced outlays by $3.3 billion. Over half of this decrease was for defense purchases, primarily because of lower than anticipated fuel costs; social security and medical care programs account for most of the remainder. Lower than anticipated unemployment reduced outlays by $2.4 billion, mostly for unemployment compensation. Outlays increased by $6.8 billion almost entirely due to the effect of higher interest rates. Conversely, offsetting receipts for rents and royalties on the Outer

Continental Shelf were $1.9 billion lower than initially estimated due largely to changes in economic conditions in world oil markets.

EFFECT OF DIFFERENCES BETWEEN ESTIMATED AND ACTUAL ECONOMIC CONDITIONS ON 1985 OUTLAYS

(In billions of dollars)

	Difference
Unemployment rate differences (Unemployment compensation)	−2.4
Price differences:	
Cost of living adjustments:	
Social security	−0.9
Other	−0.2
Medical prices:	
Medicare and medicaid	−0.4
Defense purchases	−1.8
Subtotal, price differences	−3.3
Interest differences:	
Net interest:	
Interest rates	+6.7
Differences in borrowing [1]	−0.1
Other	0.2
Subtotal, interest differences	+6.8
Offsetting receipts from the Outer Continental Shelf	−1.9
Total	−0.8

[1] Includes only the effect of differences in borrowing associated with differences in economic conditions

Estimating differences and other changes account for a $7 billion decrease in 1985 outlays. The largest estimating adjustments were for Department of Defense—Military and farm price supports. Outlays for Department of Defense—Military were down by $9 billion due to slower spending for procurement than anticipated. Crop production and farm participation were higher than estimated, resulting in an outlay increase of nearly $7 billion for the Commodity Credit Corporation.

Comparison of the deficit.—The preceding two sections discuss in detail the differences between the February 1984 budget estimates and the actual amounts of Federal Government receipts and outlays in 1985. This section summarizes the net impact of these differences on estimates of the deficit.

The deficit for 1985 was originally estimated to be $195.2 billion; the actual deficit was $212.3 billion, a $17.1 billion increase. The following table shows the approximate distribution of this difference according to three categories: (1) policy; (2) economic conditions that were different from the original forecast; and (3) estimating and other differences. Each category is subdivided to show the impact of receipts compared to outlays. An increase in receipts is shown as positive because it reduces the deficit, while an increase in outlays is shown as negative because it raises the deficit.

SUMMARY OF REASONS FOR THE DIFFERENCE IN THE 1985 DEFICIT

(In billions of dollars)

	On-budget	Off-budget	Total
February 1984 estimate of surplus or deficit (–)	–197.1	2.0	–195.2
Changes:			
Policy:			
Receipts	2.5	–0.9	1.6
Outlays	–13.8	–0.1	–13.9
Subtotal, policy	–11.3	–1.0	–12.4
Economic conditions:			
Receipts	–13.3	–0.4	–13.7
Outlays	–0.1	0.9	0.8
Subtotal, economic conditions	–13.4	0.5	–12.9
Estimating and other differences:			
Receipts	1.3	–0.3	1.0
Outlays	–1.1	8.2	7.1
Subtotal, estimating and other differences	0.2	7.9	8.1
Total, changes	–24.5	7.4	–17.1
Actual surplus or deficit (–)	–221.6	9.4	–212.3
MEMORANDUM			
Total change in receipts	–9.5	–1.6	–11.1
Total change in outlays	–15.0	+9.0	–6.0

Note: Receipt increases and outlay decreases are shown as positive because they lower the deficit.

The actual deficit was above the initial estimate due to both lower receipts and higher outlays. Changes in economic conditions account for a $12.9 billion increase. Receipts were decreased due to lower than anticipated growth and oil prices. Outlays were decreased due to lower than forecast unemployment and inflation. This decrease was in part offset by higher interest payments as a result of higher than anticipated interest rates. Policy changes, both revised Administration proposals and congressional action that differed from the Administration's original proposals, increased the deficit by $12.4 billion. Technical reestimates, which increased receipts and decreased outlays, offset some of the effects of policy and economic conditions by decreasing the deficit by $8.1 billion.

COMPARISON OF THE ACTUAL AND ESTIMATED RELATIVELY UNCONTROLLABLE OUTLAYS FOR 1985

Outlays in any one year are considered to be relatively uncontrollable when the program level is determined by existing statutes or by contracts or other obligations. Outlays for these programs generally depend on factors that are beyond administrative control under existing law at the start of the fiscal year. For example, the definition of beneficiaries eligible for programs like medicaid and civil service retirement is established by law. Prior-year contracts and obligations are also legally binding.

Relatively uncontrollable outlays are grouped into two major categories: open-ended programs and fixed costs, for which outlays are generally mandated by law; and payments from prior-year contracts and obligations, for which outlays are required because of previous action, such as entering into contracts. Estimates of relatively uncontrollable outlays do not include the effects of proposed legislation.

A number of factors may cause differences between the amounts estimated in the budget and the actual outlays. For example, legislation may change benefit rates or coverage; the actual number of beneficiaries may differ from the number estimated; and economic conditions (such as interest rates) may differ from what was assumed in making the estimates.

The following table shows the differences between actual outlays for relatively uncontrollable programs in 1985 and the amounts estimated in the 1985 budget. The list of programs is the same as in Table 16 (Controllability of Outlays) in Part 6e. Actual outlays for relatively uncontrollable programs in 1985 were $689.5 billion, which is $1.2 billion or 0.2% higher than the estimate based on existing law in February 1984. Outlays for open-ended programs and fixed costs were $10.0 billion above the initial estimate (adjusted for comparable coverage), while outlays from prior-year contracts and obligations were $8.9 billion lower.

Payments for individuals, which are essentially income transfers, were 72.2% of all open-ended programs and fixed costs in 1985. Actual outlays for this grouping were $12.5 billion lower than originally estimated. This decrease was the net effect of legislative action, differences between actual and assumed economic conditions, differences between the anticipated and actual number of beneficiaries, and other technical adjustments.

Outlays for social security and railroad retirement, the largest category of payments for individuals, were $3.7 billion lower than estimated. Outlays for these programs were lower primarily because of fewer beneficiaries and lower retroactive benefit payments. Outlays also decreased because lower than anticipated inflation reduced the size of the cost-of-living adjustment.

Outlays for Federal employees' retirement and disability insurance programs were $1.9 billion below the budget estimate. These programs consist of military retired pay, civilian employee retirement and disability, and veterans service-connected compensation. Except for the latter, these benefits are automatically indexed to the consumer price index. Outlays for the indexed programs were below the initial estimates by $2.3 billion primarily due to a shift in the final month's benefit payments for military retirement into

RELATIVELY UNCONTROLLABLE OUTLAYS FOR 1985

(In billions of dollars)

Relatively uncontrollable under present law	February 1984 estimate (existing law)	Actual	Change
Open-ended programs and fixed costs:			
Payments for individuals:			
Social security and railroad retirement	193.6	189.9	−3.7
On-budget	(3.5)	(3.5)	(*)
Off-budget	(190.1)	(186.4)	(−3.7)
Federal employees' retirement and insurance	51.7	49.8	−1.9
(Military retired pay)	(17.6)	(15.8)	(−1.8)
(Other)	(34.1)	(34.0)	(−0.1)
Unemployment compensation	18.5	16.1	−2.4
Medical care	97.0	91.0	−6.0
Assistance to students	4.2	4.9	0.6
Food and nutrition assistance	3.7	3.7	*
Public assistance and related programs	21.3	22.2	0.9
Other	3.0	2.8	−0.1
Subtotal, payments for individuals	**393.0**	**380.5**	**−12.5**
Other open-ended programs and fixed costs:			
Net interest	116.1	129.4	13.3
On-budget	(119.1)	(133.6)	(14.5)
Off-budget	(−3.0)	(−4.1)	(−1.1)
General revenue sharing	4.6	4.6	*
Farm price supports (CCC)	10.9	17.7	6.8
Other	−7.4	−5.0	2.4
Subtotal, other open-ended programs and fixed costs	**124.2**	**146.7**	**22.5**
Total, open-ended programs and fixed costs	**517.3**	**527.3**	**10.0**
Outlays from prior-year contracts and obligations:			
National defense	97.4	92.1	−5.3
Civilian programs [1]	73.6	70.1	−3.5
Total, outlays from prior-year contracts and obligations	**171.0**	**162.2**	**−8.9**
Total, relatively uncontrollable outlays	**688.3**	**689.5**	**1.2**
On-budget	501.2	505.1	3.9
Off-budget	187.1	184.3	−2.8

*$50 million or less.

[1] The February 1984 estimate was adjusted to include outlays from prior year contracts and obligations in accounts that were off-budget at the time. Because the data on the original estimate were not available, it was assumed that the actual expenditure was correctly estimated.

the next year, lower inflation, and a permanent shift in the effective date of the civil service retirement cost-of-living adjustment from June to January. Outlays for veterans' compensation were $0.4 billion above the original estimate due to the net effect of a decline in caseload and a congressionally enacted cost-of-living adjustment.

Outlays for unemployment compensation programs were $2.4 billion below the initial estimate. This decrease was the result of a lower than forecast rate of unemployment.

Outlays for medical care were $6.0 billion lower than estimated. Medicare outlays were $5.4 billion below the initial estimate as a result of lower than expected hospital admissions, lower medical price increases than anticipated, and delays in submitting bills for payment. Outlays for the medicaid program were $0.6 billion below the initial estimate.

Assistance to students consists of GI bill benefits and the guaranteed student loan program. Outlays for the guaranteed student loan program were $0.6 billion above the estimate primarily due to higher defaults and loan volume.

Food and nutrition assistance includes the child nutrition and special milk programs. Outlays for these programs were not significantly different than originally estimated.

Public assistance and related programs include public assistance payments, supplemental security income, outlays for earned income tax credits, and veterans non-service-connected pensions. Outlays for these programs were $0.9 billion above the estimate. Most of this change was in the assistance payments program and was a result of delayed error liability collections from States, and higher than estimated State caseload and average benefits levels.

Relatively uncontrollable outlays for all other payments to individuals were $0.1 billion lower than estimated, due primarily to decreases in black lung benefits and national service life insurance payments.

Open-ended programs and fixed costs other than payments for individuals were 27.8% of all open-ended programs and fixed costs in 1985. Outlays for net interest were $13.3 billion or 11.5% higher than the original estimate. This increase is the net effect of higher than anticipated interest rates and more Federal borrowing than expected. The budget estimate assumed a 9.4% interest rate on 10-year Treasury notes for fiscal year 1985 whereas the actual rate averaged 11.1%.

Outlays for farm price supports (Commodity Credit Corporation) were $6.8 billion above the initial estimate. This was due to higher production, particularly for corn, and increased farmer participation.

Outlays for prior-year contracts and obligations for civilian and national defense programs were $8.9 billion below the initial estimate. National defense outlays were below the estimate because of slower than anticipated spending. Outlays for civilian programs were also lower than the initial estimate.

ALLOCATION OF WINDFALL PROFIT TAX RECEIPTS

Section 102 of the Crude Oil Windfall Profit Tax Act of 1980 requires that each year the President propose the allocation of net receipts from the tax in his budget.

This act establishes a Windfall Profit Tax Account in the Treasury "for accounting purposes only." After the Secretary of the Treasury has determined the amount of net receipts from the tax, they are to be allocated to the Windfall Profit Tax Account. Since the Conference Report accompanying the act stated explicitly that the net receipts from the tax "shall not be earmarked or invested separately from general revenues . . .", the allocations referred to in section 102 cannot be interpreted as earmarking funds for specific purposes.

The method for these allocations is prescribed by three formulas in subsections b(1), b(2), and b(3) of section 102. The allocations for 1987 are compared in the following table with the amounts included in this budget for the functional categories referred to in the formula.

ALLOCATION OF WINDFALL PROFIT TAX, NET RECEIPTS, 1987

(In millions of dollars)

	Section 102 Formula	1987 Budget
Total net receipts	2,761	2,761
Allocation:		
Low-income assistance	690	[1] 23,280
Energy and transportation programs	414	[2] 21,268
Income tax reductions	1,657	....
Total	2,761	44,548

[1] This amount is the total outlays for the other income security subfunction (609).

[2] This amount is the total outlays for all programs in the energy function (270) and the ground transportation subfunction (401).

PART 6b

THE BUDGET SYSTEM AND CONCEPTS

The budget system of the U.S. Government provides the framework within which decisions on resource allocation and program management are made in relation to the requirements of the Nation, availability of Federal resources, effective financial control, and accountability for use of the resources.

THE BUDGET PROCESS

The budget process has three main phases: (1) executive formulation and transmittal; (2) congressional action; and (3) budget execution and control. Each of these is interrelated with the others.

Executive formulation and transmittal.—The budget sets forth the President's financial plan and indicates his priorities for the Federal Government. The President's transmittal of his budget to the Congress early in each calendar year is the culmination of many months of planning and analysis throughout the executive branch.

Formulation of a budget begins not later than the spring of the year before it is transmitted. The budget is formulated in the context of a multi-year budget planning and tracking system that extends coverage to the four years following the budget year and integrates long-range planning into the executive budget process. This multi-year budget planning system requires that broad fiscal goals and agency spending and employment targets be established beyond the budget year.

During the period when a budget is formulated in the executive branch, there is a continual exchange of information, proposals, evaluations, and policy decisions among the President, the Office of Management and Budget (OMB) and other Executive Office units, and the various Government agencies. The President also receives projections of the economic outlook that are prepared jointly by the Council of Economic Advisers, OMB, and the Treasury. The next step in the process occurs when the President establishes general budget and fiscal policy guidelines. General policy directions and planning ceilings both for the fiscal year that will begin about 15 months later and for the following four years are then given to the agencies to guide the preparation of their budget requests.

The primary phase of the budget process involves the formulation and preparation of the President's budget for transmittal to the Congress. Throughout the fall and early winter, the executive branch is involved in this phase of the process. Agency budget requests are submitted to OMB, where they are reviewed in detail, and recommendations are made. These recommendations may be revised as a result of Presidential review. Fiscal policy issues, which affect outlays and receipts, are reexamined. The effect of budget decisions on receipts, budget authority, and outlays in the years that follow are also considered and are explicitly taken into account, consistent with the multi-year budget planning system. Thus, the budget formulation process involves the simultaneous consideration of the resource needs of individual programs, the total outlays and receipts that are appropriate in relation to current and prospective economic conditions, and the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177), which is discussed in the section on Deficit reduction.

The Congressional Budget Act of 1974, as amended, requires that current services estimates be transmitted to provide the Congress with a basis for reviewing the President's budget. These estimates are projections of budget authority and outlays required to continue Federal programs and activities without policy changes from the fiscal year in progress. Current services estimates and similar estimates for receipts are included in the President's budget.[1]

Congressional action.—The Congress can act to approve, modify, or disapprove the President's budget proposals. It can change funding levels, eliminate proposals, or add programs not requested by the President. It also enacts legislation affecting taxes and other sources of revenue.

In making appropriations, the Congress does not vote on the level of outlays directly, but rather on budget authority. The Congress first enacts legislation that *authorizes* an agency to carry out a particular program and, in some cases, includes limits on the amount that can be appropriated for the program. Many programs are authorized for a specified number of years or indefinitely; other programs require annual authorizing legislation, such as most nuclear energy, space exploration, defense procurement, foreign affairs, and some construction programs.

Provision of *budget authority* is usually a separate, subsequent action. Generally, budget authority becomes available each year only as voted by the Congress in appropriations acts. However, in a number of cases the Congress has voted permanent budget authority, under which funds become available annually without further Congressional action. Many trust fund appropriations are permanent, as are a number of Federal fund appropriations, such as the appropriation to pay interest on the public debt.

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[1] See Special Analysis A, "Current Services Estimates."

Congressional review of the budget begins when the President transmits his budget estimates to the Congress. Recently enacted legislation requires that the budget be transmitted on the first Monday after January 3 of each year. However, the legislation permits the 1987 Budget to be transmitted by February 5, 1986. The transmittal date may be modified by a joint resolution of the Congress.

Under the procedures established by the Congressional Budget Act of 1974, as amended by the Balanced Budget and Emergency Deficit Control Act of 1985, the Congress considers budget totals before completing action on individual appropriations. The act requires each standing committee of the Congress to report on budget estimates to the House and Senate Budget Committees by February 25. It also requires the Congressional Budget Office to submit a fiscal policy report to the two budget committees by February 15. The Congress adopts a concurrent budget resolution as a guide in its subsequent consideration of appropriations and revenue measures. It is not in order for either House to consider a resolution that includes a level of total outlays in excess of the recommended level of Federal revenues by an amount greater than the maximum deficit amount specified for that year. For 1987, the maximum deficit amount is $144 billion. The budget resolution, which is now scheduled to be adopted by April 15, sets targets for total receipts and for budget authority and outlays, in total and by functional category. The resolution also sets targets for direct loan obligations and guaranteed loan commitments.

Congressional budget resolutions do not require Presidential approval. Frequently, there is informal consultation between the congressional leadership and the Administration, because subsequent legislation developed to attain congressional budget targets must be sent to the President for his approval. In some recent years, the Congress considered or enacted omnibus reconciliation legislation that reduced budget authority and outlays or increased revenues in response to directives in the concurrent budget resolution. Last year the Congress was unable to reach a final agreement on a reconciliation bill. The matter may be reconsidered.

Congressional consideration of requests for appropriations and for changes in revenue laws occurs first in the House of Representatives. The Appropriations Committee, through its subcommittees, studies the requests for appropriations and examines in detail each agency's performance. The Ways and Means Committee reviews proposed revenue measures. Each committee then recommends the action to be taken by the House of Representatives. After passage of the budget resolution, a point of order can be raised to block consideration of bills that would cause a committee's targets, as set by the resolution, to be breached.

When the appropriations and tax bills are approved by the House, they are forwarded to the Senate, where a similar review process is followed. In case of disagreement between the two Houses of the Congress, a conference committee (consisting of Members of both bodies) meets to resolve the differences. The report of the conference committee is returned to both Houses for approval. When the measure is agreed to, first in the House and then in the Senate, it is ready to be transmitted to the President as an enrolled bill, for his approval or veto.

When action on appropriations is not completed by the beginning of the fiscal year, the Congress enacts a *continuing resolution* to provide authority for the affected agencies to continue financing operations up to a specified date or until their regular appropriations are enacted.

Deficit reduction.—The Balanced Budget and Emergency Deficit Control Act of 1985 was enacted on December 12, 1985. The Act provides for a balanced Federal budget by 1991 by setting declining deficit targets for each fiscal year beginning in 1986, and it establishes a method to achieve these targets. It requires the President's budget to propose levels of revenues and outlays consistent with the deficit targets. Congressional action following receipt of the President's budget must be such as to ensure that the deficit target for that year will be met. In the absence of appropriate Congressional action, the Act requires that sufficient budgetary resources be sequestered to reduce outlays by the amount required to meet the specified target for the year ahead.

The process for ensuring that the reduced deficit amounts will be achieved begins each year with the Directors of the Office of Management and Budget and the Congressional Budget Office estimating the deficit for the upcoming fiscal year and determining whether that estimated amount exceeds the specified target by more than $10 billion (zero in 1986 and 1991). If such an excess occurs, an automatic sequestration process is triggered. The Directors are required to prepare a joint report to the Comptroller General that: (1) estimates the base levels of total revenue and outlays; (2) identifies the amount of deficit excess and states whether such excess is greater than $10 billion (zero in 1986 and 1991); (3) estimates the rate of real economic growth for that year, for each quarter of the year, and for each of the last two quarters of the preceding year, indicating whether there are two consecutive quarters of negative economic growth; and (4) specifies by account for non-defense programs, and by account and programs, projects, and activities within each account for defense programs, the base from which reductions are to be taken and the amounts and percentages by which such accounts must be reduced to eliminate the deficit excess. The Act includes specific rules for determining uniform reductions. It also includes several exemptions from the reduction requirements and special rules for the application of lesser reductions to certain programs.

The Directors' report is required to be submitted to the Comptroller General on August 20 (January 15, 1986, for fiscal year 1986). The Comptroller General then reviews the report submitted by the Directors and issues a report to the President and the Congress on August 25 (January 21, 1986, for fiscal year 1986). Based on the Directors' report, the Comptroller General will determine reductions and include his estimates, determinations, and specifications for all the items contained in the Directors' report. He must also explain any differences between his report and the Directors' report.

On September 1 (February 1, 1986, for fiscal year 1986) the President is required to issue an order that eliminates the deficit excess. That order will (1) modify or suspend the operation of each provision of law that otherwise would require an automatic spending increase, and (2) eliminate the remainder of the deficit excess by sequestering new budget authority and other budgetary resources, as provided in the Act. The President's initial order is required to be based on the Comptroller General's report. None of the estimates, determinations, specifications, bases, amounts, or percentages contained in that report may be changed. This order is effective on October 1, at which time amounts sequestered under the President's order will be withheld from obligation pending issuance of the final order on October 15. For fiscal year 1986, the President's order issued on February 1, is considered final and will be effective on March 1, 1986. When the orders become effective, amounts withheld from obligation will be permanently canceled. At the time he issues his order, the President will transmit a message to the Congress providing detailed information concerning the order. The President may include in his message proposals for alternative ways to reduce the deficit excess.

The deficit reduction actions required by the Directors' report of January 15, 1986, are reflected in the 1987 Budget.

Budget execution and control.—Once approved, the President's budget, as modified by the Congress and reduced by sequestration, if necessary, becomes the basis for the financial plan for the operations of each agency during the fiscal year. Under the law, most budget authority and other budgetary resources are made available to the agencies of the executive branch through an apportionment system. The Director of OMB apportions (distributes) appropriations and other budgetary resources to each agency by time periods

best copy available

or by activities, to ensure the effective use of available resources and to preclude the need for additional appropriations.

Changes in laws or other factors may indicate the need for additional appropriations during the year, and supplemental requests may have to be sent to the Congress. On the other hand, reserves may be established under certain circumstances to provide for contingencies or to effect savings made possible by changes in requirements or greater efficiency of operations. Amounts may also be withheld from obligation for policy or for other reasons. The Impoundment Control Act of 1974 provides that the executive branch, in regulating the rate of spending, must report to the Congress any deferrals or proposed rescissions[2] of budget authority; that is, any effort through administrative action to postpone or eliminate spending provided by law. Deferrals, which are temporary withholdings of budget authority, may be overturned by an act of the Congress at any time. Rescissions, which permanently cancel budget authority, must be enacted by the Congress within 45 days of continuing session. Otherwise, the withheld funds must be made available for spending.

Legislation will be proposed to strengthen the budget process. The Congress will be asked to approve a balanced budget amendment and line item veto authority for the President. Approval will also be sought to change the concurrent Congressional budget resolution to a joint resolution subject to Presidential signature and to establish binding outlay subcategories within the resolution totals. Finally, consideration will be given to the desirability of adopting a capital budget and biennial or other multi-year appropriations.

COVERAGE OF THE BUDGET TOTALS

Agencies and programs.—The budget totals cover all agencies and programs (including Government corporations) no matter how funded. The Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177) requires that the budget authority, outlays, and revenues of each formerly off-budget Federal entity be included in the budget totals. These entities are:

Rural electrification and telephone revolving fund
Rural Telephone Bank
SPR petroleum account
Federal Financing Bank
Postal Service fund
United States Railway Association
United States Synthetic Fuels Corporation

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[2] See page 6b-10 for further discussion of these terms.

In the last budget, these entities were proposed for inclusion in the budget totals and were presented in that manner. For consistency in the data base, all years shown in the 1987 budget are presented on the new basis.

Public Law 99-177 included a new requirement. The receipts and disbursements of social security (the Federal Old-Age and Survivors Insurance and the Federal Disability Insurance trust funds) are excluded from the budget totals. However, their outlays and receipts are used in calculating the deficit amounts under this law. The transactions attributable to these trust funds are shown in a separate budget chapter, Department of Health and Human Services, Social Security. Amounts for these trust funds are presented as off-budget Federal entities for all years shown in the budget.

The presentation for the Board of Governors of the Federal Reserve System is included in Part IV of the Budget Appendix. Those amounts are presented for information only because of the independent status of the System.

The budget totals do not include transactions of privately owned, Government-sponsored enterprises, such as the Federal land banks and Federal home loan banks. However, these enterprises are discussed in Part 6c of the Budget and Special Analyses E and F, and financial statements are presented in Part IV of the Budget Appendix.

Functional classification.[3]—The functional classification arrays budgetary data according to the major purpose served by the unit being classified. In accordance with the Congressional Budget Act of 1974, as amended, the Congressional budget resolution establishes budget targets by these functional categories.

The following criteria are used in establishing and in assigning activities to functional categories:

- A function must have a common end or ultimate purpose addressed to an important national need. (The emphasis is on what the Federal Government seeks to accomplish rather than the means of accomplishment, what is purchased, or the clientele or geographic area served.)
- A function must be of continuing national importance and the amounts attributable to it must be significant.
- Each basic unit (generally the appropriation or fund account) is classified into the single best or predominant purpose and assigned to only one subfunction. However, when an account is large and serves more than one major purpose, it may be subdivided into two or more subfunctions.

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[3] Part 5 of this volume discusses the budget by function.

- Activities and programs are normally classified according to their primary purpose (or function) regardless of which agencies conduct the activities.

National needs presentation.—Section 601 of the Congressional Budget Act of 1974 requires that the budget for each fiscal year shall contain a presentation of budget authority, proposed budget authority, outlays, proposed outlays, and descriptive information in terms of—

(1) a detailed structure of national needs, which shall be used to reference all agency missions and programs;
(2) agency missions; and
(3) basic programs.

To meet that requirement of law, each major function is described in Part 5 ("Federal Programs by Function: Meeting National Needs") in the context of national needs being served, and subfunctions are described in the context of major missions devoted to serving national needs. Part 5 also addresses the requirements of the Full Employment and Balanced Growth Act of 1978.

Types of funds.—Agency activities are financed through Federal funds and trust funds.

Federal funds are of several types. The *general fund* is credited with receipts not earmarked by law for a specific purpose and with the proceeds of general borrowing. It is charged with payments from appropriations. *Special funds* contain Federal receipts earmarked for specific purposes, other than for carrying out a cycle of operations. *Public enterprise* (revolving) *funds* finance a cycle of business-type operations in which outlays generate collections, primarily from the public. *Intragovernmental funds*, including revolving and management funds, finance operations within and between Government agencies and are credited with collections primarily from other Government accounts. Intragovernmental revolving funds are credited with collections earmarked by law to carry out a cycle of business-type operations within and between Government agencies.

Trust funds are established to account for the receipt and expenditure of monies by the Government for carrying out specific purposes and programs in accordance with the terms of a statute or trust agreement. These monies are not available for other purposes of the Government. *Trust revolving funds* are credited with trust-type collections earmarked by law to carry out a cycle of business-type operations.

Current expense and capital investment.—The budget includes spending for both current operating expenses and capital investment, such as the purchase of lands, structures, and equipment. It also includes capital investment in the form of lending and the purchase of financial assets.[4]

BUDGET AUTHORITY AND RELATED TRANSACTIONS

Budget authority.—Government agencies are permitted to enter into obligations requiring either immediate or future payment of money only when they have been granted authority to do so by law. This authority is usually provided in the form of budget authority. In addition, collections specifically authorized to be credited to appropriation and fund accounts (e.g., repayments of loan principal), while not scored as budget authority, are also available for obligation. Budget authority, and in some cases the use of other resources, usually requires the approval of both authorizing and Appropriations Committees. The availability or use of budgetary resources may be restrained by the imposition of legally binding limitations on obligations for direct loans or for other purposes.[5]

Budget authority and other budgetary resources permit *obligations* to be incurred. The amounts of budget authority requested are determined by the nature of the programs or projects being financed and the amount of other resources available for the purpose.

For activities such as operation and maintenance, entitlement programs, and continuing research programs, for which the cost depends upon the program level during the fiscal year, the amount of budget authority requested covers the obligations expected to be incurred during the year.

For most projects that are separate and distinct units, particularly direct Federal major procurement and construction projects, "full funding" is requested. That is, budget authority is requested in a sufficient amount at the time the project is initiated to complete it, regardless of the expected time of completion.

Budget authority usually takes the form of *appropriations*, which permit obligations to be incurred and payments to be made. Some budget authority is in the form of *contract authority*, which permits obligations in advance of appropriations but requires a subsequent appropriation or the collection of revenues to liquidate (pay) these obligations. There is also *authority to borrow;* such budget authority permits obligations to be incurred; but funds that are borrowed, generally from the Treasury, are used to liquidate these obligations.

In accordance with the Congressional Budget Act of 1974, it is not in order for either House of the Congress to consider any bill, with certain exceptions, that provides new borrowing or contract authority unless that bill also provides that such new spending authority will be effective only to the extent or in such amounts as provided in appropriations acts.

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[4] These outlay categories are discussed in Special Analysis D, "Federal Investment and Operating Outlays."

[5] See "Limitations on the Availability of Funds," in Part 6a of this volume.

Most appropriations for current operations are made available for obligation only during a specified fiscal year *(annual appropriations)*. Some are for a specified longer period *(multiple-year appropriations)*. Others, including most of those for construction, some for research, and many for trust funds, are made available for obligation until the amount appropriated has been expended or until the objectives have been attained *(no-year appropriations)*.

Budget authority can be made available by the Congress for obligation and disbursement during a fiscal year from a succeeding year's appropriation *(advance funding)*. For many education programs, Congress provides *forward funding*—budget authority made available for obligation in one fiscal year for the financing of ongoing grant programs during the succeeding fiscal year. When advantageous to the Federal Government, an appropriation is provided by the Congress that will become available one year or more beyond the fiscal year for which the appropriations act is passed *(advance appropriations)*. Accounts in which budget authority is made available on these bases are listed in Part III of the Budget Appendix.

When budget authority is made available by the Congress for a specific period of time, any part that is not obligated during that period expires (lapses) and cannot be used later. Congressional actions that extend the availability of unobligated amounts that have expired or would otherwise expire are known as *reappropriations*. The amounts involved are counted as new budget authority in the fiscal year of the legislation in which the reappropriation action is included, regardless of when the amounts were originally appropriated or when they would otherwise lapse.

A *rescission* is a legislative action that cancels new budget authority or the availability of unobligated balances, prior to the time the authority would otherwise have expired. Rescissions of new budget authority becoming available are decreases to such authority for that year. Rescissions of unobligated balances reduce the amounts of those balances available for obligation. Rescission proposals are identified in separate schedules in Part II of the budget appendix. A *deferral* is an executive branch action or inaction—including the establishment of reserves under the Antideficiency Act—that delays the obligation and expenditure of funds within the year that the action is taken. Deferrals are not separately identified in the budget.

Most authority to obligate funds is enacted by the Congress during or immediately preceding the fiscal year in which it becomes available *(current authority)*. Most current authority is granted year by year. Some budget authority in Federal funds and most budget authority in trust funds becomes available as the result of previously enacted legislation and does not require current action by the Congress *(permanent authority)*. Such authority is presented as "current" in the year in which the legislation is enacted and "permanent" in succeeding years.

The amount of budget authority is usually stated specifically or in an amount stated as "not to exceed" a specific aggregate sum in the legislation that makes it available *(definite authority)*. In some cases, the legislation permits the amount to be determined by subsequent circumstances *(indefinite authority)*. Examples of the latter type are authority to borrow that is limited only to the amount of debt that may be outstanding at any time, the appropriation for interest on the public debt, and the trust fund appropriation equal to receipts under the Federal Insurance Contributions Act (social security). Indefinite budget authority is presented in the amount of receipts collected or estimated to be collected each year in the case of many special and trust funds, and in the amount needed to finance obligations incurred or estimated to be incurred in the case of certain appropriations, contract authority, and authority to borrow.

Obligations incurred.—Following the enactment of budget authority and the completion of required apportionment action, obligations are incurred by Government agencies. Such obligations cover: the current liabilities for salaries, wages, and interest; agreements to make loans; contracts for the purchase of supplies and equipment, construction, and the acquisition of office space, buildings, and land; and other arrangements requiring the payment of money.

Outlays.—Obligations generally are liquidated by the issuance of checks or the disbursement of cash; such payments are called *outlays*. In lieu of issuing checks, obligations also may be liquidated (and outlays recorded) by the accrual of interest on public issues of Treasury debt securities (including an increase in the redemption value of bonds outstanding); or by the issuance of bonds, debentures, notes, or monetary credits. Non-cash outlays also may occur when a Government-owned asset is sold on credit terms. Refunds of collections[6] generally are treated as reductions of collections, rather than as outlays. However, payments for tax credits in excess of tax liabilities are treated as outlays rather than as a reduction to receipts. Outlays during a fiscal year may be for payment of obligations incurred in prior years or in the same year. Outlays, therefore, flow in part from unexpended balances of prior year budget authority and in part from budget authority provided for the year in which the money is spent.[7] Total outlays include both budget and off-budget outlays and are stated net of offsetting collections.

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[6] See pages 6b-13—6b-14, for further discussion of this term.

Balances of authority.[8]—Not all budget authority enacted for a fiscal year is obligated and paid out in the same year. In multiple-year or no-year accounts, budget authority that is still available for obligation at the end of a year *(unobligated balances)* may be carried forward for obligation in the following year. The *obligated* balance is that portion of the budget authority that has been obligated but not yet liquidated (paid). For example, in the case of salaries and wages, 1 to 3 weeks elapse between the time of obligation and the time of payment. In the case of major procurement and construction, payment may occur over several years. Obligated balances of budget authority are carried forward until the obligations are subsequently paid.[9]

Therefore, a change in the amount of budget authority for a given year does not necessarily result in a similar change in either the obligations incurred or the outlays of that same year. A change in budget authority in any one year may have an effect on obligations for 2 or more years, and may affect outlays for an even longer period.

Allocations between agencies.—In some cases, an agency may share in the administration of a program for which appropriations are made to another agency or to the President. This is made possible by the establishment of allocations from the "parent" account, that is, the account to which the appropriation was made. Obligations incurred under such allocations are included with the parent account in the Budget (without separate identification) and in the Budget Appendix (where the total obligations of each participating agency are identified separately under the parent account).

FEDERAL CREDIT ACTIVITIES[10]

In addition to the resource measures previously described, Government programs may be financed through federally supported credit in the form of direct or guaranteed loans. These are included in the budget as obligations for direct loans and commitments for guaranteed loans. *Obligations for direct loans* result from agreements requiring the Government to make a loan immediately or at some future time. *Commitments for guaranteed loans* result from agreements entered into by the Government to guarantee the repayment of principal and/or interest. Since guaranteed loans, unlike direct loans, do not require obligational authority and, by themselves, do not require Federal disbursements, the amounts are not included in the President's budget totals. They create Government liabilities of a contingent nature that result in obligations and outlays *only* in the event of borrower default.

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[7] See "Relationship of Budget Authority to Outlays", Part 6a.

[8] These balances may also include collections credited directly to appropriation or fund accounts.

[9] Additional information is provided in a separate report, "Balances of Budget Authority," which is available from the National Technical Information Service, Department of Commerce, shortly after the budget is transmitted.

[10] Detailed information and discussion on Federal credit activities is included in Part 6c of this volume and in Special Analysis F, "Federal Credit Programs."

COLLECTIONS

In general.—Amounts collected by the Government are classified into two major categories:

- *Governmental receipts,* which are compared with outlays in calculating the surplus or deficit.
- *Offsetting collections,* which are deducted from gross disbursements in calculating outlays.

Governmental receipts.—These are collections from the public that result from the exercise of the Government's sovereign or governmental powers. These collections consist primarily of tax receipts (including social insurance taxes), but also include receipts from customs duties, court fines, certain licenses, and deposits of earnings by the Federal Reserve System. Gifts and contributions (as distinguished from payments for services or cost-sharing deposits by State and local governments) are also counted as governmental receipts. Receipts are divided between on-budget receipts and off-budget receipts.

Offsetting collections.—These are amounts received from other Government accounts or the public that are of a business-type or market-oriented nature. They are classified into two major categories: *offsetting collections credited to appropriation or fund accounts* and *offsetting receipts* (that is, collections deposited in receipt accounts). The offset is applied differently for each type.

Offsetting collections credited to appropriation or fund accounts.—Amounts treated in this manner are specifically authorized by law and are available, generally for the purposes of the account without further action by the Congress. However, it is not unusual for the Congress to enact limitations on the obligations that can be financed by these collections. These collections are netted against gross obligations in the account when calculating outlays.

Offsetting receipts.—These amounts generally are deducted from budget authority and outlays by subfunction and by agency. Offsetting receipts are subdivided into two categories, as follows:

- *Proprietary receipts from the public.*—These are collections from the public, deposited in receipt accounts of the general fund, special funds, or trust funds, that arise out of the business-type or market-oriented activities of the Government. However, collections from rents and royalties from Outer Continental Shelf (OCS) lands are deducted from total budget authority and outlays for the Government as a whole rather than from any single agency or subfunction.

When there is a legal dispute over the disposition of rents and royalties from OCS lands, the disputed amounts are placed in deposit fund accounts and are not included in the receipts totals. Upon settlement of such disputes, the amounts that are determined to belong to the Government are added to OCS receipts and deducted in the same manner. The one-time receipts from the proposed sale of major physical assets (including Conrail, the petroleum reserve, and the power administrations) also will be deducted from total budget authority and outlays.

- *Intragovernmental transactions.*—These are payments into receipt accounts from governmental appropriation or fund accounts. Intragovernmental transactions are deducted from both the outlays and the budget authority for the agency receiving the payment, with two exceptions. Intragovernmental transactions that involve agencies' payments as employers into employee retirement trust funds and interest received by trust funds appear as special deduct lines in computing total budget authority and outlays for the Government. There are several categories of intragovernmental transactions. *Intrabudgetary transactions* include all payments from on-budget receipt accounts to other on-budget receipt accounts. These are subdivided into three categories: (1) *interfund transactions,* where the payment is from one fund group (either Federal funds or trust funds) to a receipt account in the other fund group; (2) *Federal intrafund transactions,* where the payment and receipt both occur within the Federal fund group; and (3) *trust intrafund transactions,* where the payment and receipt both occur within the trust fund group. In addition there are transactions among off-budget receipt accounts and between off-budget and on-budget receipt accounts.

OTHER TRANSACTIONS

Borrowing and repayment.—Borrowing and debt repayment are not treated as receipts or outlays. If they were, the budget would be balanced simply by classifying borrowing as income or revenue. This rule applies both to borrowing in the form of public debt securities and to specialized borrowing in the form of agency securities, including the sale of certificates representing participation in a pool of loans. However, some sales of participation certificates, which otherwise would be treated as borrowing, are required by law to be treated as a sale of assets. This results in the proceeds of such sales being credited to an appropriation or fund account with a corresponding reduction in outlays and in the requirement for new budget authority in that account.

In recent years, such sales have been made largely by credit programs to the Federal Financing Bank (FFB). As noted above, the FFB was formerly off-budget. Under the Balanced Budget and Emergency Deficit Control Act of 1985, all credit transactions of the FFB are required to be treated as budgetary transactions of the respective program agencies. Therefore, budget totals are not reduced by this specialized treatment. This is due to the fact that the FFB payments for the participation certificates are included separately in each affected agency's totals in the same amount as that which is received by the credit program accounts. The new budget authority required to finance these transactions will be shown in the same manner and also be included in the totals of the program agency.

Exercise of monetary power.—Seigniorage is the profit from coining money. It is the difference between the value of coins as money and their cost of production. Seigniorage on coins arises from the exercise of the Government's monetary powers and differs from receipts coming from the public, since there is no corresponding payment by another party. Therefore, seigniorage is excluded from receipts and treated as a means of financing a deficit or as a supplementary amount to be applied to reduce debt or to increase the cash in the Treasury in a year with a surplus. The increment (profit) resulting from the sale of gold as a monetary asset also is treated as a means of financing, since the value of gold is determined by its value as a monetary asset rather than as a commodity.

Balances in deposit fund accounts.—Certain accounts outside the budget, known as deposit funds, are established to record amounts held in suspense temporarily (for example, proceeds from mineral leases on the Outer Continental Shelf to which title is in dispute) or held by the Government as agent for others (for example, State and local income taxes withheld from Federal employees' salaries and payroll deductions for the purchase of savings bonds by civilian employees of the Government). Changes in deposit fund uninvested balances affect Treasury's cash balances, even though the transactions are not a part of the budget. To the extent that deposit fund balances are not invested, changes in the balances are treated as a means of financing.

Exchange of cash.—The Government's deposits with the International Monetary Fund are considered to be monetary assets. Therefore, the movement of money between the IMF and the Department of the Treasury is not considered in itself a receipt or an outlay, borrowing, or lending. In a similar manner, the holdings of foreign currency by the Exchange Stabilization Fund are considered to be cash assets. Changes in these holdings are outlays only to the extent there is a realized loss of dollars on the exchange and are offsetting collections only to the extent there is a realized dollar profit.

BASIS FOR BUDGET FIGURES

In general.—Outlays usually are stated in terms of checks issued, including cash paid in lieu of checks, net of offsetting collections received. When a financial instrument is developed to use as a substitute for cash or checks, the monetary value of the instrument is normally counted in the budget to prevent the use of cash equivalent instruments that would otherwise avoid recording transactions as receipts or outlays. The accrual basis is used for interest on the public issues of Treasury debt securities; however, interest on special issues of the debt securities held by trust funds and other Government accounts is stated on a cash basis. When a Government account purchases debt at a premium (or sells it at a discount), the difference between the purchase (or sales) price and the redemption value is treated as an obligation and an outlay in the year of the transaction in the investing account.

Data for 1985.—The 1985 column of this budget generally presents the actual transactions and balances as recorded in agency accounts and as summarized in the central financial reports prepared by the Department of the Treasury. However, the budgetary coverage has been made consistent with the coverage required by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177). To accomplish this, the transactions of formerly off-budget Federal entities are included in the budget totals, and social security is shown off-budget.

Data for 1986.—Six of the regular appropriations acts for 1986 have been enacted (Energy and Water Development; Legislative; Housing and Urban Development and Independent Offices; Commerce, Justice, and State; Labor, Health and Human Services and Education; and Military Construction). Four more appropriations bills were enacted in their entirety in a continuing resolution, Public Law 99-190 (Defense; Foreign Assistance; Interior; and Transportation). The three remaining appropriations bills were enacted by reference in the same continuing resolution (Agriculture; District of Columbia; and Treasury, Postal Service, and General

Government). Reductions in amounts available under enacted appropriations and in other budgetary resources, pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, are included for 1986. In addition, amounts are proposed for rescission to effect further progress toward deficit reduction. In certain programs supplemental appropriations are proposed.

Where the word "enacted" is used with reference to 1986, the amount generally represents budget authority already voted by the Congress. In the case of indefinite appropriations, the enacted sums include the amounts likely to be required. Where the word "estimate" is used, the amounts include both enacted budget authority and requested supplementals.

Data for 1987.—This budget includes complete estimates for 1987. Part I of the Budget Appendix generally includes the proposed appropriation language for the various items identified in the budget. In some instances, estimates are included in the budget schedules without appropriation language. For these, proposed legislation may be required or the estimated amounts will be requested later when the new legislation has been enacted and the specific requirements are known. In certain tables of the budget, the items for later transmittal and the related outlays are identified separately. Estimates of the total requirements for 1987 include both the amounts requested formally and the amounts planned for later transmittal.

Data for 1988 through 1991.—To place emphasis on longer term objectives and plans consistent with the multi-year budget planning system, this budget presents estimates through 1991. These data often reflect specific Presidential policy determinations and are shown in a number of budget tables.

Allowances.—Lump sum allowances are included in the tables to cover expected additional changes, such as civilian pay increases. The allowance for civilian pay increases includes an estimate of the additional amounts that will be required in January 1987 for employees of civilian agencies of the Government. Separate allowances for pay increases are shown for civilian and military personnel of the Department of Defense, Military, and are included in the figures for the Department of Defense. Additional amounts for pay increases for military personnel will be required starting in October 1986.

An allowance for relatively uncontrollable programs is shown separately, as required by the Congressional Budget Act. The estimates for such programs are zero because the probability of net decreases or net increases for such programs is believed to be equal.

Budget authority and outlays included in the allowance section are never appropriated as undistributed allowances, but rather indicate the estimated budget authority and outlays that may be requested.

PART 6c

FEDERAL CREDIT BUDGET

Nature and overview of Federal credit activities.[1]—The Federal Government is the largest financial intermediary in the United States. At the end of 1985, it held an estimated $257 billion in its loan portfolio and had directly guaranteed another $410 billion in loans. Government-sponsored enterprises lent another $370 billion. Thus, directly or indirectly, the Government had allocated credit worth more than a trillion dollars at the end of 1985. By way of contrast, the total debt outstanding of nonfinancial and foreign sectors in the United States at the end of 1985 was nearly $7 trillion. Through direct loans and loan guarantees, the Government has provided subsidized credit to many different types of borrowers in almost every major budget function: farmers, homeowners, students, small businesses, exporters, utilities, shipbuilders, and State, local, and foreign governments. The subsidies inherent in Federal and federally sponsored lending to these groups have come at the expense of all borrowers who did not receive subsidized credit. The nonsubsidized borrowers have paid higher interest rates or fees for their credit or have not received credit at all.

This administration has made reform of the Government's credit programs a major priority. Reform is necessary because the benefits of some programs are less than their large but less visible costs. Many of the programs are not directing their credit resources efficiently; they are subsidizing borrowers who should not receive special assistance. The reforms will include: eliminating unnecessary direct loans and loan guarantees; converting the focus of some programs from direct to guaranteed loans; setting up a borrower pre-screening and post-award review process; increasing interest rates or loan guarantee fees; increasing the interest rates charged by the Federal Financing Bank (FFB); charging Government-sponsored enterprises fees for some of the benefits they enjoy; automating debt servicing and collections; improving credit administration; using private debt collection agencies; selling all or some portions of selected loan portfolios; offsetting income tax refunds to defaulted borrowers; offsetting the salaries of Federal employees who have defaulted on loans; studying a pilot program to reinsure Government guaranteed loans; and considering creation of a central Federal credit agency. All of these reforms are necessary because direct loans and guaranteed loans have risen sharply in the last decade, as the accompanying chart shows.

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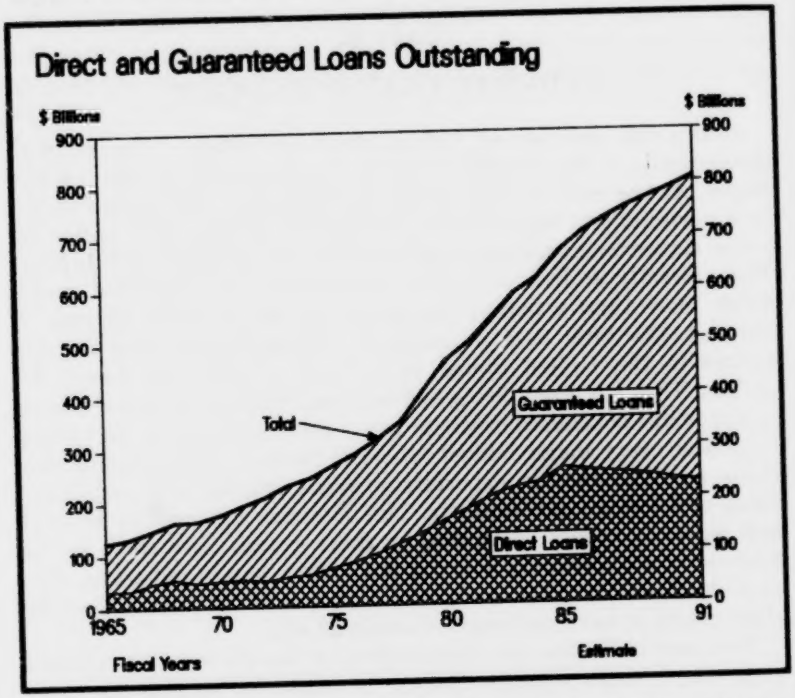
[1] See also Special Analysis F, "Federal Credit Programs," the 1987 report on *Management of the U.S Government*, and the 1986 *Economic Report of the President*, Chapter 6, "Credit Markets."



The economic sectors that receive the most Federal credit are agriculture and housing. Approximately 50% of new direct loans over the past decade have gone to agriculture, while over 60% of new guaranteed loans have gone to housing. The basic rationale of all Federal credit programs is to provide financing on terms and conditions that are more favorable to the borrower than financing otherwise available from private sources. Some of these subsidies serve desirable public policies and should be continued. However, many subsidies are inadvertent or unnecessary and, therefore, should be reduced or eliminated. In 1985, the Government provided an estimated $10 billion in direct loan subsidies and $6 billion in guaranteed loan subsidies.

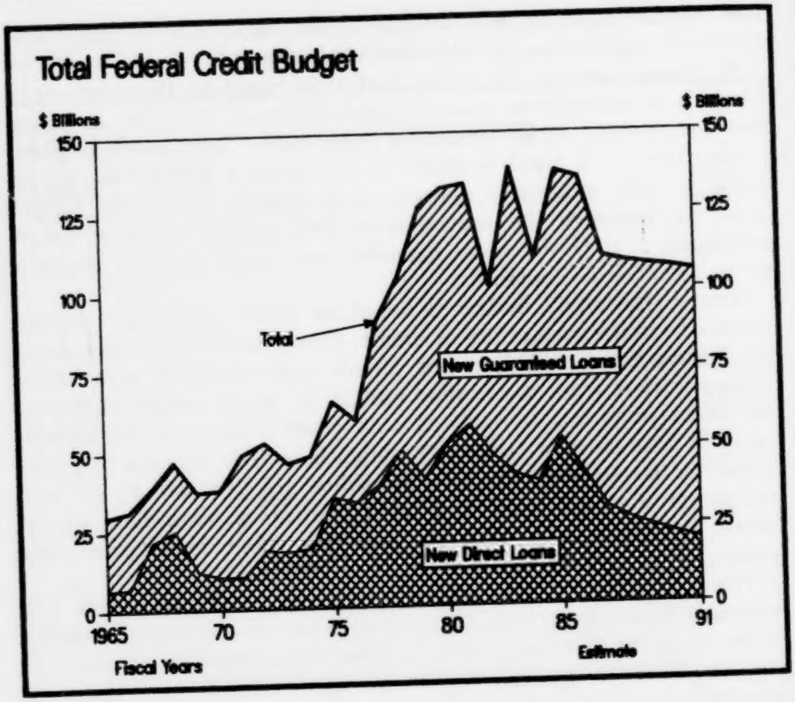
Structure of the credit budget.—The Federal credit budget, which was introduced in 1980, measures and controls the volume of new loans and loan guarantees extended to borrowers. The credit budget is a necessary supplement to the unified budget for two reasons: the unified budget does not include loan guarantees because they are contingent liabilities except in the case of default, and neither loan guarantees nor direct loans can be fully controlled by appropriations of budget authority.

For these reasons, the credit budget is based on three concepts. First, it is intended to measure new credit at the point at which the Government legally contracts to provide a loan or a loan guarantee. Usually a legal contract occurs when a direct loan agreement or loan guarantee agreement is signed. The credit budget does not measure the tentative or preliminary offers of credit assistance that Government agencies may make prior to the loan or loan guarantee contract.

Second, the credit budget is based on credit authority—the authority to make new offers of credit. Credit authority is measured on a gross basis and does not reflect repayments of loans. This concept differs from the unified budget, in which budget authority for credit programs is required only when collections are insufficient to finance new budgetary obligations. The concept of credit authority is necessary because subsidies are provided to all new recipients of direct loans and loan guarantees, regardless of the extent to which borrowers are repaying other loans previously made.

Third, guaranteed loan commitments are measured as the full principal of the loan, even if the Government's contingent liability is less than the full loan principal. The full principal is included in the commitment because the entire loan, even if only partially guaranteed, is assisted by the guarantee. Moreover, in some programs that offer nominal partial guarantees, the private lender is at risk only when the value of the collateral and the guarantee combined are less than the full loan principal.

The chart below shows the Federal credit budget until 1991:



One of the key features of the credit budget is the enforcement mechanism provided through congressional allocation of credit authority in the budget resolution and subsequent enactment of limitations in annual appropriations acts. The administration proposes limitations annually on direct loan obligations and guaranteed loan commitments for most credit programs. The limitations serve as ceilings on the volume of new credit that may be offered by the account in a given year. The limitation is specified in the appropriations language for individual budget accounts that include credit activity.

The President's 1987 budget proposes appropriations limitations for programs amounting to 55% of the credit budget totals. Approximately 27% of direct loan obligations and 65% of guaranteed loans are proposed for limitation. Appropriations act limitations may not be proposed for certain programs for two reasons. First, programs that provide a clear entitlement to qualified applicants, such as farm price support loans and credit assistance to veterans, are controlled by authorizing legislation. Second, direct loans that arise from payment of claims on defaulted guaranteed loans are exempt from limitation since the effective point of control is at the time of the original loan guarantee.

The Balanced Budget and Emergency Deficit Control Act of 1985, commonly known as Gramm-Rudman-Hollings (GRH), will help control new credit in a manner analogous to the appropriations act limitations. For 1986, most credit programs not subject to appropriations act limitation will have de facto limitations placed on them for the purpose of sequestration.[2] Credit authority will be subject to the same restrictions placed on budget authority and other budgetary resources.

In 1986, GRH requires the sequestration of 4.3% of new credit authority. This sequestration will result in a reduction of $1.6 billion in direct loan obligations and $7.3 billion in guaranteed loan commitments.

Direct loans.—Direct loans are made available to individuals, businesses, and State, local, and foreign governments. The primary example of a direct loan is the disbursement of funds by Federal agencies to satisfy the terms of a loan contract in which the borrower agrees to repay the loan principal to the Government, with or without interest. The disbursement may be made either directly by the agency providing the loan, or by the Federal Financing Bank when it honors a guarantee issued by the agency.

Three other types of transactions are also considered direct loans: (1) acquisition of defaulted private loans that the Government had guaranteed and had made direct payment to the lender to honor the guarantee; (2) the purchase by the Government of a private loan in the secondary market; and (3) a sale of agency assets on credit terms of more than 90 days.

Direct loans are financed from a variety of sources, including appropriated funds derived from taxation and borrowing, and repayments of previous loans. Such loans are designed to direct economic resources to federally determined uses by providing credit on more favorable terms than would otherwise be available from private sources. A direct loan is best justified when the Federal objective could not be met with financing from private sources, even with a Government guarantee. The objectives of a direct loan program, for example, may require financing at interest rates that are lower than those available from private lenders, or loan maturities that are longer than those provided by private sources.

The accompanying chart shows the shifting composition of new direct loans issued over the past 35 years. Four sectors of the economy receive the bulk of direct lending: housing, education, business, and agriculture.

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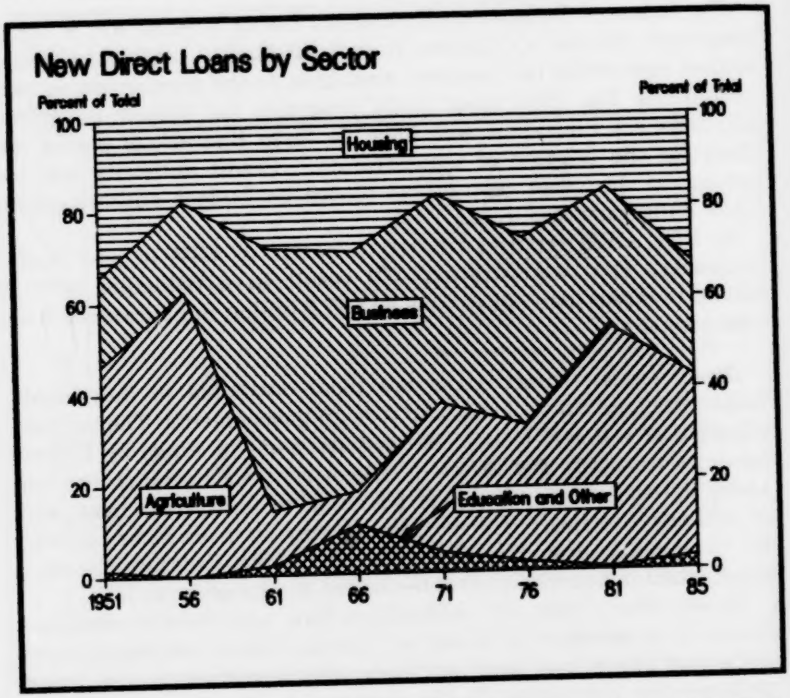
[2] See Part 6b for a description of the process.



During the 1950s and 1960s, housing accounted for roughly 30% of new direct loans; however, this percentage dropped off sharply in the following years. This change is partly due to the partial privatization of the lending activity of the Federal National Mortgage Association (FNMA) in 1968, but, more importantly, reflects the increasing amount of direct lending made available to business and agriculture in the 1970s and 1980s.

In recent years, business borrowers have received more than one-third of the new direct loans provided annually, a significant increase in both absolute and relative amounts. The Export-Import Bank, Small Business Administration, Rural Electrification Administration, and Agency for International Development are the principal lenders to, or in support of, the business sector.

During the 1980s, the share of new direct loans provided to agriculture has ranged from one-third to more than one-half of the total. This lending includes some activity of the Farmers Home Administration and the Commodity Credit Corporation.

Direct loans for education reflect loans for construction of facilities, payments for defaulted guaranteed student loans, and direct financial assistance to students. Although those defaults now exceed $1 billion a year, this sector is only a small share of total new direct loans.

Guaranteed loans.—Government guaranteed loans are loans for which the Government guarantees the payment of the principal and the interest, in whole or in part, in the event of borrower default. Loan guarantees are contingent liabilities of the Federal Government. They generally result in budget outlays only in the case of default.

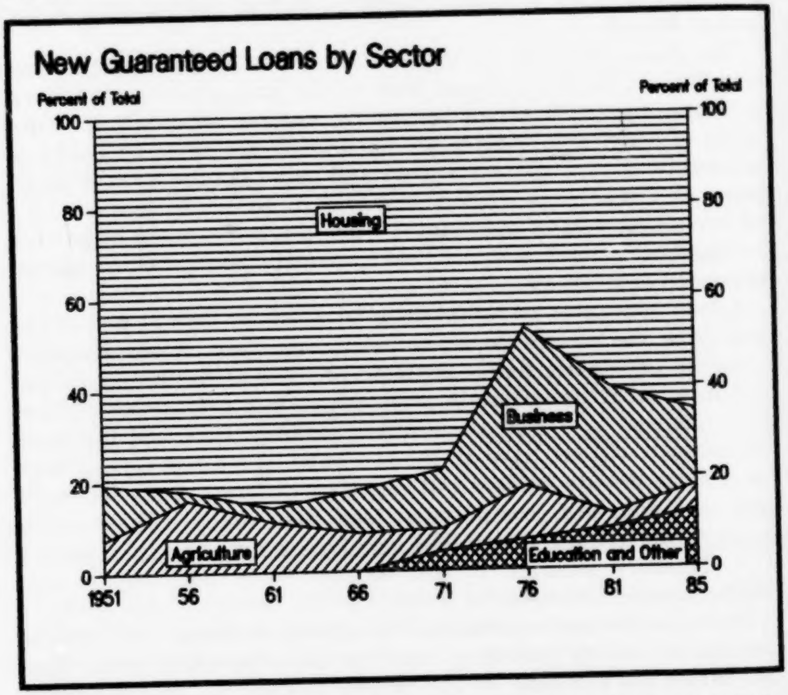
The guarantees may be for the full or partial value of the loan principal. In some programs, such as the guaranteed student loan program, they are supplemented by explicit subsidies or other forms of assistance. Most guaranteed loans are made by banks or other private institutional lenders and may take the form of mortgages or bank loans. Others are sold in securities markets. An additional amount of guaranteed loans originally made by private institutions is purchased and held by privately-owned Government-sponsored enterprises.

A loan guarantee transfers some or all of the default risk of the loan from the private lender to the Government. Where the Government guarantees timely payment of 100% of the loan principal and interest, it transforms a private loan into a near-Government loan financed by a near-Government security. However, the guaranteed loan will not have all the attributes of a direct Government loan, since private lenders will negotiate different financial terms and conditions (e.g., commitment fees) than would a Government agency. Nor will the guaranteed loan have all of the attributes of a U.S. Treasury security. It will be less liquid and may involve higher transaction costs.

Loan guarantees are designed to allocate economic resources to particular uses by providing credit at more favorable terms than are otherwise available in the private market. If loan guarantee recipients are not sufficiently creditworthy to borrow without Federal assistance, the subsidy provided by the guarantee is large and the guarantee will directly reallocate credit towards federally selected uses, thereby increasing the total volume of credit channeled into these uses. This leaves a smaller supply of credit to be allocated to those potential borrowers who do not receive assistance, and increases the costs to these borrowers. However, the guarantee does not always change the allocation of credit to such a large degree. Some beneficiaries of loan guarantee programs would have been able to secure the funds privately, without Government support. For example, a federally guaranteed mortgage might be used to finance, at a lower cost, a house that would have been purchased anyway.

Many of the guarantee programs operated by the Federal Government began in efforts to revive the economy during the depression of the 1930s. The Reconstruction Finance Corporation, created in 1932, was the forerunner of the Export-Import Bank, the Small

Business Administration, and other credit programs. The Nation's single largest credit program, the Federal Housing Administration's (FHA) home mortgage insurance program, was created in 1934 to stimulate housing purchases.



During the 1950s and 1960s housing guarantees dominated Federal credit activities, as the chart shows. The housing programs of the FHA and Veterans Administration accounted for 82% of the total volume of new commitments for guaranteed loans in 1965. The range of activities financed with Federal guarantees has widened since that time. Guarantees are now offered for business, agriculture, and education, although housing continues to dominate. For the 1987 budget, housing programs account for 65% of all new guaranteed loan commitments. Business accounts for 16%, education for 12%, and agriculture for 7%.

Government-sponsored enterprises.—The third means by which the Federal Government allocates credit, albeit indirectly, is through Government-sponsored enterprises. These enterprises have been established and chartered by the Federal Government to perform specialized credit functions. The earlier enterprises were all created with partial or full Government ownership and with direct Government control. In time, however, they were converted to private ownership and some new enterprises were created as privately-owned institutions. These enterprises have greatly increased their activity in domestic credit markets in the last few years. The accompanying table shows the net increase in their loans and their loans outstanding.

LENDING BY GOVERNMENT-SPONSORED ENTERPRISES

(In billions of dollars)

	1970	1975	1980	1985
Net change	10.6	12.3	27.0	61.8
Outstanding	31.1	83.4	153.4	370.0

The budget treatment of these enterprises was established in 1967 in accordance with a recommendation by the President's Commission on Budget Concepts. The Commission basically recommended that the budget exclude those Government-sponsored enterprises that are entirely privately owned. However, the Commission recommended that financial statements of their operations be included in the budget documents because the enterprises carry out federally designed programs and receive benefits from their close association with the Government.[3] [4]

These benefits differ from one enterprise to another and from one type of debt security to another. In most cases, but not all, they include such advantages as the following: their debt securities can be held by federally regulated financial institutions under circumstances where other private securities or State and local securities are not eligible; they are exempt from Federal income taxation; the interest on their debt securities is exempt from State and local income taxation. Furthermore, the enterprises are perceived by the securities market to have a special relationship with the Federal Government. Because of these benefits, the Government-sponsored enterprises can borrow at interest rates significantly below even the best rated private borrowers. Consequently, this budget proposes that fees for this privilege be imposed on new borrowings (including mortgage-backed securities) of the Government-sponsored enterprises.

Credit policy issues.—The credit budget was proposed as a mechanism to help rectify the inadequate control of Federal credit by the unified budget. It does not supplant the unified budget's treatment of credit programs, but rather provides a different perspective by showing the total amount of new credit extended. Nonetheless, the credit budget does not control the most salient aspect of Federal credit—the subsidy offered the borrower.

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[3] Report of the President's Commission on Budget Concepts, pp. 29–30.

[4] Financial statements for the Government-sponsored enterprises are published in the *Appendix*, Part IV, "Government-Sponsored Enterprises." Their borrowing is discussed in Special Analysis E, "Borrowing and Debt."

Providing some form of subsidy is the basic rationale of every Federal credit program. The issues are whether the degree of subsidy can be controlled more efficiently and targeted more accurately to the desired borrowers. This requires a different type of control than either the unified budget or the credit budget can provide. The proposed reform of credit control focuses on: (1) the elimination or reduction of unnecessary credit programs; and (2) better linkage of Federal credit prices to what private markets would charge for the credit.

The direct loans or loan guarantees of several credit programs are proposed for elimination in the 1987 budget. These programs either benefit a thin stratum of favored borrowers, or they no longer serve the purpose for which they were originally intended. It is more appropriate for the clients of these programs, most of which are businesses, to turn to private financial intermediaries for future credit requirements. Other credit programs could serve a useful purpose if they were targeted more carefully to needy borrowers. The goal in this budget is to use the minimum amount of credit resources to serve carefully identified borrowers.

The second basic proposal in this budget that affects new credit offered by Federal agencies is charging user fees to borrowers. In 1987, this proposal will generate $305 million in gross revenues. The intent of the fees is to have borrowers share more of the costs of credit programs. The fees, which take the form of higher interest rates or higher loan guarantee fees, will differ from program to program to take account of the credit risks and administrative expenses unique to each program. In addition, the 1987 budget proposes charging the Government-sponsored enterprises for the sundry benefits (e.g., lines of credit at the Treasury Department) they receive from the Government. The basis for the fees is the comparison between what investors now require of GSE liabilities and what they would be likely to require if the GSEs were fully private.

Finally, the 1987 budget proposes a pilot program of loan asset sales to the public. Approximately $4.4 billion in book value loans will be sold in 1987, which would yield estimated gross revenues of $2.0 billion. The policy underlying the sales is twofold: (1) to improve the management of the Federal loan portfolio by divesting the Government of loan assets for accounts that are proposed for elimination; and (2) to make visible some of the previously hidden costs of the loan programs. The sales will be on a non-recourse basis and will not involve a Federal guarantee of any kind.

There are, however, a large number of technical issues that need to be resolved. These issues include the rights of the borrowers, the removal of certain statutory impediments to the sales, and the need to collect and disseminate information about the loans so that bidders may make informed judgments. For that reason, the 1987 budget proposes only a pilot program affecting 13 loan programs. Certain loan programs, such as the Commodity Credit Corporation, have been, and will be, excluded from any sale of loan assets.

PART 6d

BUDGET BY AGENCY AND ACCOUNT

EXPLANATORY NOTE

This tabulation contains information on budget authority (BA), outlays (O), and subfunctional code number(s) for each appropriation and fund account. The budget authority in this tabulation takes account of certain transfers between appropriations. All budget authority items are definite appropriations except where otherwise indicated. Types of funds in the budget and the deduct entries at the end of each chapter of this tabulation are explained in Part 6b.

In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177), formerly off-budget entities are presented on-budget. Budget authority and outlays of the Federal Financing Bank (FFB) are shown as separate accounts under the agencies that use the FFB to finance their programs. Operating expenses of the FFB are included under the Treasury Department.

Public Law 99–177 also moved two social security trust funds (the Federal old-age survivors insurance and Federal disability insurance trust funds) off-budget. Budget authority and outlays of the trust funds are identified under a chapter entitled, "Department of Health and Human Services, Social Security", immediately following the chapter with all other amounts for that department. The end of the tabulation presents on- and off-budget amounts separately before presenting totals for the Federal Government, including off-budget amounts.

The effects of the sequestration of 1986 budgetary resources required by Public Law 99–177 are shown separately and footnoted (footnote W).

Congressional action in the appropriation process occasionally takes the form of a limitation on the use of a trust fund or other fund, or of an appropriation to liquidate contract authority. Amounts for such items, which do not affect budget authority, are included here in parentheses and identified in the stub column, but are not included in the totals. Special limitations established as part of the sequestration process for 1986 under Public Law 99–177 are so identified in the stub column.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)

Account and functional code		1985 actual	1986 estimate	1987 estimate
Legislative Branch				
Senate				
Federal funds				
General and Special Funds:				
Compensation of Members, Senate 801				
Appropriation, permanent, indefinite	BA	**8,578**	**8,976**	**8,976**
Outlays	0	8,562	8,976	8,976
Mileage of the Vice President and Senators 801				
Appropriation, current	BA	**60**	**60** [W] **−3**	**60**
Outlays	0	48	60 [W] −2	60 [W] −1
Total Mileage of the Vice President and Senators	BA	**60**	**57**	**60**
	0	48	58	59
Expense allowances of the Vice President, President Pro Tempore, Majority and Minority Leaders and Majority and Minority Whips 801				
Appropriation, current	BA	**56**	**56** [W] **−2**	**56**
Outlays	0	54	56 [W] −2	56
Total Expense allowances of the Vice President, President Pro Tempore, Majority and Minority Leaders and Majority and Minority Whips	BA	**56**	**54**	**56**
	0	54	54	56
Representation allowances for the Majority and Minority Leaders 801				
Appropriation, current	BA	**20**	**20** [W] **−1**	**20**
Outlays	0	....	20 [W] −1	20
Total Representation allowances for the Majority and Minority Leaders	BA	**20**	**19**	**20**
	0	....	19	20
Salaries, officers and employees 801				
Appropriation, current	BA	**170,394**	**170,473** [A] **80** [W] **−7,330**	**175,018**
Outlays	0	159,617	170,473 [A] 80 [W] −7,110	175,018 [W] −220
Total Salaries, officers and employees	BA	**170,394**	**163,223**	**175,018**
	0	159,617	163,443	174,798

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Legislative Branch—Con.

Senate—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Office of the Legislative Counsel of the Senate 801				
Appropriation, current	BA	**1,437**	**1,437** [w] **−62**	**1,622**
Outlays	0	1,350	1,437 [w] −58	1,622 [w] −4
Total Office of the Legislative Counsel of the Senate	BA	**1,437**	**1,375**	**1,622**
	0	1,350	1,379	1,618
Expense allowances of the Secretary of the Senate, Sergeant at Arms, and Doorkeeper of the Senate and secretaries for the majority and 801				
Appropriation, current	BA	**12**	**12** [w] **−1**	**12**
Outlays	0	7	12 [w] −1	12
Total Expense allowances of the Secretary of the Senate, Sergeant at Arms, and Doorkeeper of the Senate and secretaries for the majority and for	BA	**12**	**11**	**12**
	0	7	11	12
Joint Study Panel on Social Security Administration, Senate 801				
Outlays	0	−44	....	....
Office of Senate Legal Counsel 801				
Appropriation, current	BA	**565**	**565** [w] **−24**	**575**
Outlays	0	427	565 [w] −23	575 [w] −1
Total Office of Senate Legal Counsel	BA	**565**	**541**	**575**
	0	427	542	574
Senate policy committees 801				
Appropriation, current	BA	**1,948**	**1,948** [w] **−84**	**1,948**
Outlays	0	1,659	1,948 [w] −80	1,948 [w] −4
Total Senate policy committees	BA	**1,948**	**1,864**	**1,948**
	0	1,659	1,868	1,944
Inquiries and investigations 801				
Appropriation, current	BA	**51,050**	**51,050** [w] **−2,195**	**52,177**
Outlays	0	44,826	51,050 [w] −1,971	52,177 [w] −224
Total Inquiries and investigations	BA	**51,050**	**48,855**	**52,177**
	0	44,826	49,079	51,953

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Legislative Branch—Con.				
Senate—Con.				
Expenses of United States International Narcotics Control Commission 801				
Appropriation, current	BA	....	**325** [W] **−14**	**325**
Outlays	0	....	325 [W] −14	325
Total Expenses of United States International Narcotics Control Commission	BA 0	....	**311** 311	**325** 325
Miscellaneous items 801				
Appropriation, current	BA	**11,193**	**9,659** [A] **650** [W] **−415**	**10,317**
Outlays	0	9,099	9,659 [A] 650 [W] −415	10,317
Total Miscellaneous items	BA 0	**11,193** 9,099	**9,894** 9,894	**10,317** 10,317
Secretary of the Senate 801				
Appropriation, current	BA	**711**	**684** [W] **−29**	**699**
Outlays	0	415	684 [W] −24	699 [W] −5
Total Secretary of the Senate	BA 0	**711** 415	**655** 660	**699** 694
Sergeant at Arms and Doorkeeper of the Senate 801				
Appropriation, current	BA	**48,472**	**54,153** [A] **9,100** [W] **−2,329**	**58,825**
Outlays	0	38,329	54,153 [A] 9,100 [W] −2,247	58,825 [W] −82
Total Sergeant at Arms and Doorkeeper of the Senate	BA 0	**48,472** 38,329	**60,924** 61,006	**58,825** 58,743
Stationery (revolving fund) 801				
Appropriation, current	BA	**12**	**12** [W] **−1**	**13**
Outlays	0	−6	12 [W] −1	13
Total Stationery (revolving fund)	BA 0	**12** −6	**11** 11	**13** 13
Congressional use of foreign currency, Senate 801				
Appropriation, permanent	BA	**400**	....	....
Outlays	0	636	....	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Legislative Branch—Con.					
Senate—Con.					
Public Enterprise Funds:					
Senate restaurant fund (revolving fund)	801				
Outlays		0	−320	.....	.....
Recording studio (revolving fund)	801				
Outlays		0	11	.....	.....
Senate barber shops (revolving fund)	801				
Outlays		0	−8	.....	.....
Total Federal funds Senate		BA	**294,908**	**296,770**	**310,643**
		0	264,662	297,311	310,102
House of Representatives					
Federal funds					
General and Special Funds:					
Payments to widows and heirs of deceased members of Congress	801				
Appropriation, current		BA	**75**	.....	.....
Outlays		0	75	.....	.....
Compensation of Members and related administrative expenses	801				
Appropriation, permanent		BA	**37,010**	**37,633**	**37,633**
Outlays		0	36,859	37,000	37,633
Mileage of Members	801				
Appropriation, current		BA	**210**	**150** [W] **−6**	**210**
Outlays		0	103	144 [W] −5	202 [W] −1
Total Mileage of Members		BA	**210**	**144**	**210**
		0	103	139	201
House leadership offices	801				
Appropriation, current		BA	**3,331**	**3,357** [W] **−144**	**3,357**
Outlays		0	2,962	3,223 [W] −134	3,357 [W] −10
Total House leadership offices		BA	**3,331**	**3,213**	**3,357**
		0	2,962	3,089	3,347
Salaries, officers and employees	801				
Appropriation, current		BA	**48,253**	**47,914** [A] **722** [W] **−2,060**	**49,137**
Outlays		0	46,801	47,914 [A] 722 [W] −1,987	49,137 [W] −73
Total Salaries, officers and employees		BA	**48,253**	**46,576**	**49,137**
		0	46,801	46,649	49,064

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Legislative Branch—Con.				
House of Representatives—Con.				
Committee employees 801				
Appropriation, current	BA	**41,619**	**44,325** [W] **−1,906**	**51,135**
Outlays	O	41,006	44,325 [W] −1,830	51,135 [W] −76
Total Committee employees	BA O	**41,619** 41,006	**42,419** 42,495	**51,135** 51,059
Committee on Appropriations (Studies and Investigations) 801				
Appropriation, current	BA	**4,315**	**4,275** [W] **−184**	**4,300**
Outlays	O	3,579	4,104 [W] −162	4,300 [W] −22
Total Committee on Appropriations (Studies and Investigations)	BA O	**4,315** 3,579	**4,091** 3,942	**4,300** 4,278
Committee on the Budget (Studies) 801				
Appropriation, current	BA	**329**	**296** [W] **−13**	**329**
Outlays	O	296	284 [W] −12	316 [W] −1
Total Committee on the Budget (Studies)	BA O	**329** 296	**283** 272	**329** 315
Members' clerk hire 801				
Appropriation, current	BA	**166,762**	**166,762** [A] **2,000** [W] **−7,171**	**173,659**
Outlays	O	163,731	162,022 [A] 2,000 [W] −7,015	173,659 [W] −156
Total Members' clerk hire	BA O	**166,762** 163,731	**161,591** 157,007	**173,659** 173,503
Allowances and expenses 801				
Appropriation, current	BA	**128,837**	**133,426** [A] **13,787** [W] **−5,737**	**150,573**
Outlays	O	119,426	128,089 [A] 13,787 [W] −5,164	150,573 [W] −573
Total Allowances and expenses	BA O	**128,837** 119,426	**141,476** 136,712	**150,573** 150,000
Stationery (revolving fund) 801				
Outlays	O	−435	−435	−453

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Legislative Branch—Con.					
House of Representatives—Con.					
Special and select committees	801				
Appropriation, current		BA	**45,667**	**46,960** **[w] −2,019**	**50,211**
Outlays		O	45,863	45,082 [w] −1,939	50,211 [w] −80
Total Special and select committees		BA	**45,667**	**44,941**	**50,211**
		O	45,863	43,143	50,131
Congressional use of foreign currency, House of Representatives	801				
Appropriation, current		BA		**[w] −120**	
Appropriation, permanent		BA	**1,887**	**2,800**	**3,360**
Outlays		O	2,425	2,800 [w] −120	3,360
Total Congressional use of foreign currency, House of Representatives		BA	**1,887**	**2,680**	**3,360**
		O	2,425	2,680	3,360
Public Enterprise Funds:					
House of Representatives restaurant fund (revolving fund)	801				
Outlays		O	207	31 [w] −16	34
Total House of Representatives restaurant fund (revolving fund)		O	207	15	34
Recording studio (revolving fund)	801				
Outlays		O	−69	−258	−269
Beauty shop (revolving fund)	801				
Outlays		O	−2	−2	−2
House barber shops (revolving fund)	801				
Outlays		O	3	3	3
Page residence hall and meal plan	801				
Outlays		O	−153	−62	−65
Total Federal funds House of Representatives		BA	**478,295**	**485,047**	**523,904**
		O	462,677	472,389	522,139
Joint Items					
Federal funds					
General and Special Funds:					
Joint Economic Committee	801				
Appropriation, current		BA	**2,644**	**2,644** **[w] −114**	**2,836**
Outlays		O	2,435	2,644 [w] −108	2,836 [w] −6
Total Joint Economic Committee		BA	**2,644**	**2,530**	**2,836**
		O	2,435	2,536	2,830

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Legislative Branch—Con.					
Joint Items—Con.					
Joint Committee on Printing	801				
Appropriation, current		BA	**917**	**919** [W] **−40**	**930**
Outlays		0	761	919 [W] −37	930 [W] −3
Total Joint Committee on Printing		BA	**917**	**879**	**930**
		0	761	882	927
Joint Committee on Inaugural Ceremonies of 1985	801				
Appropriation, current		BA	**786**	....	....
Outlays		0	597	189	....
Statements of appropriations, Senate	801				
Appropriation, current		BA	**6**	**7**	**13**
Outlays		0	....	7	13
Joint Committee on Taxation	801				
Appropriation, current		BA	**3,605**	**3,705** [A] **600** [W] **−159**	**4,357**
Outlays		0	3,579	3,557 [A] 600 [W] −152	4,357 [W] −7
Total Joint Committee on Taxation		BA	**3,605**	**4,146**	**4,357**
		0	3,579	4,005	4,350
Office of the Attending Physician	801				
Appropriation, current		BA	**1,007**	**1,056** [W] **−45**	**1,098**
Outlays		0	763	1,014 [W] −30	1,098 [W] −15
Total Office of the Attending Physician		BA	**1,007**	**1,011**	**1,098**
		0	763	984	1,083
General expenses, Capitol police	801				
Appropriation, current		BA	**1,471**	**1,336** [W] **−57**	**2,068**
Outlays		0	1,487	1,283 [W] −45	2,068 [W] −12
Total General expenses, Capitol police		BA	**1,471**	**1,279**	**2,068**
		0	1,487	1,238	2,056
Capitol Police Board	801				
Appropriation, current		BA	**141**	**109** [W] **−5**	....
Outlays		0	139	105 [W] −4	.... [W] −1
Total Capitol Police Board		BA	**141**	**104**	....
		0	139	101	−1

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Legislative Branch—Con.

Joint Items—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Official mail costs	801				
Appropriation, current		BA	11,853	100,000 [A] 44,000 [W] −4,300	138,818
Outlays		0	86,747	100,000 [A] 44,000 [W] −2,505	138,818 [W] −1,795
Total Official mail costs		BA	11,853	139,700	138,818
		0	86,747	141,495	137,023
Capitol Guide Service	801				
Appropriation, current		BA	820	867 [W] −37	934
Outlays		0	735	867 [W] −34	934 [W] −3
Total Capitol Guide Service		BA	820	830	934
		0	735	833	931
Statements of appropriations, House of Representatives	801				
Appropriation, current		BA	6	7	7
Outlays		0	....	7	7
Total Federal funds Joint Items		BA	23,256	150,493	151,061
		0	97,243	152,277	149,219

Congressional Budget Office

Federal funds

General and Special Funds:

Account and functional code			1985 actual	1986 estimate	1987 estimate
Salaries and expenses	801				
Appropriation, current		BA	17,541	16,886 [W] −726	18,550
Outlays		0	16,056	18,723 [W] −665	17,997 [W] −61
Total Salaries and expenses		BA	17,541	16,160	18,550
		0	16,056	18,058	17,936

Architect of the Capitol

Federal funds

General and Special Funds:

Account and functional code			1985 actual	1986 estimate	1987 estimate
Office of the Architect of the Capitol: Salaries	801				
Appropriation, current		BA	5,212	5,417 [W] −233	5,606
Outlays		0	4,926	5,407 [W] −218	5,823 [W] −15
Total Office of the Architect of the Capitol		BA	5,212	5,184	5,606
		0	4,926	5,189	5,808

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Legislative Branch—Con.					
Architect of the Capitol—Con.					
Contingent expenses	801				
Appropriation, current		BA	**235**	**100** [W] **−4**	**235**
Outlays		0	210	434 [W] −4	235
Total Contingent expenses		BA	**235**	**96**	**235**
		0	210	430	235
Capitol buildings	801				
Appropriation, current		BA	**11,644**	**10,880** [A] **8,000** [W] **−473**	**14,085**
Reappropriation		BA	....	**109**	....
Outlays		0	10,300	15,067 [A] 100 [W] −408	16,725 [A] 7,900 [W] −65
Total Capitol buildings		BA	**11,644**	**18,516**	**14,085**
		0	10,300	14,759	24,560
Capitol grounds	801				
Appropriation, current		BA	**2,896**	**3,510** [B] **7,675** [W] **−151**	**3,317**
Outlays		0	3,653	4,246 [B] 2,275 [W] −136	3,603 [B] 5,400 [W] −15
Total Capitol grounds		BA	**2,896**	**11,034**	**3,317**
		0	3,653	6,385	8,988
West central front of the Capitol	801				
Outlays		0	5,679	21,921	10,000
Congressional cemetery	801				
Outlays		0	95	199	....
Acquisition of property as an addition to the Capitol grounds	801				
Outlays		0	4,607	65	....
Senate office buildings	801				
Appropriation, current		BA	**19,241**	**19,163** [W] **−848**	**25,373**
Reappropriation		BA	....	**561**	....
Outlays		0	20,993	29,066 [W] −674	28,324 [W] −174
Total Senate office buildings		BA	**19,241**	**18,876**	**25,373**
		0	20,993	28,392	28,150
Construction of an extension to the New Senate Office Building	801				
Outlays		0	3,869	1,516	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Legislative Branch—Con.				
Architect of the Capitol—Con.				
House office buildings 801				
Appropriation, current	BA	**22,873**	**22,088** **[W] –950**	**27,336**
Outlays	0	21,667	25,239 [W] –873	29,225 [W] –77
Total House office buildings	BA	**22,873**	**21,138**	**27,336**
	0	21,667	24,366	29,148
Acquisition of property, construction, and equipment, additional House Office Building 801				
Outlays	0	....	79	....
Installation of solar collectors in House office buildings 801				
Outlays	0	10	50	....
Capitol Power Plant 801				
Appropriation, current	BA	**22,990**	**23,495** **[A] 2,000** **[W] –1,010**	**26,414**
Outlays	0	22,998	24,225 [A] 2,000 [W] –869	29,466 [W] –141
Total Capitol Power Plant	BA	**22,990**	**24,485**	**26,414**
	0	22,998	25,356	29,325
Expansion of facilities, Capitol Power Plant 801				
Outlays	0	....	97	....
Modifications and enlargement, Capitol Power Plant 801				
Outlays	0	284	755	75
Alterations and improvements, buildings and grounds, to provide facilities for the physically handicapped 801				
Outlays	0	35	257	235
Structural and mechanical care, Library buildings and grounds 801				
Appropriation, current	BA	**5,799**	**5,785** **[W] –249**	**7,188**
Outlays	0	7,976	40,082 [W] –228	11,555 [W] –21
Total Structural and mechanical care, Library buildings and grounds	BA	**5,799**	**5,536**	**7,188**
	0	7,976	39,854	11,534
Library of Congress James Madison Memorial Building 801				
Outlays	0	4	....	....
Total Federal funds Architect of the Capitol	BA	**90,890**	**104,865**	**109,554**
	0	107,306	169,670	148,058

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Legislative Branch—Con.					
Library of Congress					
Federal funds					
General and Special Funds:					
Salaries and expenses	503				
Appropriation, current		BA	**135,025**	**133,747** [w] **−5,751**	**143,839**
Outlays		0	130,354	137,665 [w] −4,816	144,568 [w] −1,113
Total Salaries and expenses		BA	**135,025**	**127,996**	**143,839**
		0	130,354	132,849	143,455
Copyright Office: Salaries and expenses	376				
Appropriation, current		BA	**11,301**	**10,881** [w] **−468**	**10,978**
Outlays		0	11,140	10,879 [w] −686	10,922 [w] −40
Total Copyright Office		BA	**11,301**	**10,413**	**10,978**
		0	11,140	10,193	10,882
Congressional Research Service: Salaries and expenses	801				
Appropriation, current		BA	**40,333**	**38,963** [w] **−1,675**	**44,010**
Outlays		0	39,357	39,009 [w] −1,522	43,455 [w] −153
Total Congressional Research Service		BA	**40,333**	**37,288**	**44,010**
		0	39,357	37,487	43,302
Books for the blind and physically handicapped: Salaries and expenses	503				
Appropriation, current		BA	**36,592**	**33,761** [w] **−1,452**	**38,847**
Outlays		0	32,954	37,757 [w] −792	33,252 [w] −660
Total Books for the blind and physically handicapped		BA	**36,592**	**32,309**	**38,847**
		0	32,954	36,965	32,592
Collection and distribution of library materials (special foreign currency program)	503				
Appropriation, current		BA	**3,318**	**832** [w] **−36**	**390**
Outlays		0	4,621	2,465	871 [w] −36
Total Collection and distribution of library materials (special foreign currency program)		BA	**3,318**	**796**	**390**
		0	4,621	2,465	835

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Legislative Branch—Con.					
Library of Congress—Con.					
Furniture and furnishings	503				
Appropriation, current		BA	**1,673**	**891** [w] **−38**	**15,983**
Outlays		O	1,381	1,404 [w] −17	3,132 [w] −21
Total Furniture and furnishings		BA	**1,673**	**853**	**15,983**
		O	1,381	1,387	3,111
Payments to copyright owners	376				
Appropriation, permanent, indefinite		BA	**111,766**	**110,000**	**110,000**
Outlays		O	49,921	203,179	110,000
Oliver Wendell Holmes devise fund	503				
Appropriation, permanent, indefinite		BA	**15**	**11**	**6**
Outlays		O	3	26	7
Trust funds					
Gift and trust fund accounts	503				
Appropriation, permanent, indefinite		BA	**8,360**	**7,797**	**8,751**
Outlays		O	7,595	7,820 [w] −17	9,163
Limitation on administrative expenses (P.L. 99-177)			....	(389) [w] (−17)	....
Total Gift and trust fund accounts		BA	**8,360**	**7,797**	**8,751**
		O	7,595	7,803	9,163
Total Federal funds Library of Congress		BA	**340,023**	**319,666**	**364,053**
		O	269,731	424,551	344,184
Total Trust funds Library of Congress		BA	**8,360**	**7,797**	**8,751**
		O	7,595	7,803	9,163
Government Printing Office					
Federal funds					
General and Special Funds:					
Printing and binding	801				
Appropriation, current		BA	**13,200**	**11,555** [w] **−497**	**15,400**
Outlays		O	9,624	12,840 [w] −335	14,247 [w] −162
Total Printing and binding		BA	**13,200**	**11,058**	**15,400**
		O	9,624	12,505	14,085
Congressional printing and binding	801				
Appropriation, current		BA	**80,800**	**69,405** [w] **−2,984**	**71,500**
Outlays		O	49,652	66,342 [w] −1,388	71,976 [w] −1,596
Total Congressional printing and binding		BA	**80,800**	**66,421**	**71,500**
		O	49,652	64,954	70,380

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Legislative Branch—Con.

Government Printing Office—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Office of Superintendent of Documents: Salaries and expenses	806				
Appropriation, current		BA	**28,868**	**22,981** [w] **−988**	**27,835**
Outlays		0	21,852	23,615 [w] −573	27,363 [w] −415
Total Office of Superintendent of Documents		BA	**28,868**	**21,993**	**27,835**
		0	21,852	23,042	26,948
Intragovernmental Funds:					
Government Printing Office revolving fund	806				
Outlays		0	−10,641	−5,411 [w] −1,222	3,919
Limitation on administrative expenses (P.L. 99-177)			....	(28,430) [w] (−1,222)	....
Total Government Printing Office revolving fund		0	−10,641	−6,633	3,919
Total Federal funds Government Printing Office		BA	**122,868**	**99,472**	**114,735**
		0	70,487	93,868	115,332

General Accounting Office

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	801				
Appropriation, current		BA	**299,704**	**300,992** [w] **−12,941**	**349,552**
Outlays		0	289,751	290,698 [w] −11,741	337,597 [w] −1,200
Total Salaries and expenses		BA	**299,704**	**288,051**	**349,552**
		0	289,751	278,957	336,397

United States Tax Court

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	752				
Appropriation, current		BA	**22,694**	**24,556** [w] **−1,056**	**25,538**
Outlays		0	18,855	26,810 [w] −991	25,310 [w] −65
Total Salaries and expenses		BA	**22,694**	**23,500**	**25,538**
		0	18,855	25,819	25,245

Trust funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
Tax Court judges survivors annuity fund	602				
Appropriation, permanent, indefinite		BA	**289**	**332**	**343**
Outlays		0	26	31	31

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Legislative Branch—Con.				
Other Legislative Branch Agencies				
Federal funds				
General and Special Funds:				
Commission on Security and Cooperation in Europe: Salaries and expenses 801				
Appropriation, current	BA	**625**	**550** [W] **−24**	**625**
Outlays	O	534	674 [W] −20	592 [W] −4
Total Commission on Security and Cooperation in Europe	BA O	**625** 534	**526** 654	**625** 588
Botanic Garden: Salaries and expenses 801				
Appropriation, current	BA	**2,080**	**2,188** [W] **−94**	**2,291**
Outlays	O	1,983	2,420 [W] −89	2,420 [W] −5
Total Botanic Garden	BA O	**2,080** 1,983	**2,094** 2,331	**2,291** 2,415
Copyright Royalty Tribunal: Salaries and expenses 376				
Appropriation, current	BA	**217**	**156** [A] **49** [W] **−7**	**250**
Outlays	O	121	153 [A] 47 [W] −6	228 [A] 2 [W] −1
Total Copyright Royalty Tribunal	BA O	**217** 121	**198** 194	**250** 229
Prospective Payment Assessment Commission 551				
Outlays	O	111	1,243 [W] −15	....
Limitation on administrative expenses (P.L. 99-177)		....	(1,893) [W] (−15)	....
Total Prospective Payment Assessment Commission	O	111	1,228	....
Railroad Accounting Principles Board: Salaries and expenses 801				
Appropriation, current	BA	**1,000**	**750** [W] **−32**	**750**
Outlays	O	234	675 [W] −28	727 [W] −4
Total Railroad Accounting Principles Board	BA O	**1,000** 234	**718** 647	**750** 723

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Legislative Branch—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Legislative Branch Agencies—Con.					
Biomedical Ethics: Salaries and expenses	801				
Appropriation, current		BA	....	**150** [w] **−6**	....
Outlays		0	....	150 [w] −6	....
Total Biomedical Ethics		BA	....	**144**	....
		0	....	144	....
Office of Technology Assessment: Salaries and expenses	801				
Appropriation, current		BA	**15,692**	**15,300** [w] **−658**	**17,700**
Outlays		0	15,887	15,120 [w] −534	17,690 [w] −124
Total Office of Technology Assessment		BA	**15,692**	**14,642**	**17,700**
		0	15,887	14,586	17,566
Trust funds					
Office of Technology Assessment: Contributions and donations	801				
Appropriation, permanent, indefinite		BA	**3**	**3**	**3**
Outlays		0	2	3	3
Total Federal funds Other Legislative Branch Agencies		BA	**19,614**	**18,322**	**21,616**
		0	18,870	19,784	21,521
Total Trust funds Other Legislative Branch Agencies		BA	**3**	**3**	**3**
		0	2	3	3
Summary					
Federal funds:					
(As shown in detail above)		BA	**1,709,793**	**1,802,346**	**1,989,206**
		0	1,615,638	1,952,684	1,990,133
Deductions for offsetting receipts:					
Intrafund transactions	803	BA 0	*−446*	*−1,290*	*−450*
	908	BA 0	*−7,948*	*−8,011*	*−8,006*
Total Federal funds		BA	**1,701,399**	**1,793,045**	**1,980,750**
		0	1,607,244	1,943,383	1,981,677
Trust funds:					
(As shown in detail above)		BA	**8,652**	**8,132**	**9,097**
		0	7,623	7,837	9,197
Deductions for offsetting receipts:					
Proprietary receipts from the public	503	BA 0	*−5,236*	*−5,467*	*−5,778*

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Legislative Branch—Con.					
Summary—Con.					
	908	BA 0	*−120*	*−101*	*−161*
Total Trust funds		BA	**3,296**	**2,564**	**3,158**
		0	2,267	2,269	3,258
Total Legislative Branch		BA	**1,704,695**	**1,795,609**	**1,983,908**
		0	1,609,511	1,945,652	1,984,935
The Judiciary					
Supreme Court of the United States					
Federal funds					
General and Special Funds:					
Salaries and expenses	752				
Appropriation, current		BA	**14,143**	**15,000** **[w] −601**	**15,232**
Outlays		0	13,565	14,442 [w] −449	15,232 [w] −152
Total Salaries and expenses		BA	**14,143**	**14,399**	**15,232**
		0	13,565	13,993	15,080
Care of the building and grounds	752				
Appropriation, current		BA	**2,242**	**2,275** **[A] 46** **[w] −98**	**2,455**
Outlays		0	2,584	3,273 [A] 46 [w] −94	2,655 [w] −4
Total Care of the building and grounds		BA	**2,242**	**2,223**	**2,455**
		0	2,584	3,225	2,651
Acquisition of property as an addition to the grounds of the Supreme Court building	752				
Outlays		0	1	4	....
Total Federal funds Supreme Court of the United States		BA	**16,385**	**16,622**	**17,687**
		0	16,150	17,222	17,731

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
The Judiciary—Con.					
United States Court of Appeals for the Federal Circuit					
Federal funds					
General and Special Funds:					
Salaries and expenses	752				
Appropriation, current		BA	**5,237**	**5,500**	**7,290**
				[W] −191	
Outlays		O	5,057	5,384	7,137
				[W] −177	[W] −14
Total Salaries and expenses		BA	**5,237**	**5,309**	**7,290**
		O	5,057	5,207	7,123
United States Court of International Trade					
Federal funds					
General and Special Funds:					
Salaries and expenses	752				
Appropriation, current		BA	**6,168**	**6,400**	**7,546**
				[W] −243	
Outlays		O	5,373	6,427	7,469
				[W] −229	[W] −14
Total Salaries and expenses		BA	**6,168**	**6,157**	**7,546**
		O	5,373	6,198	7,455
Courts of Appeals, District Courts, and other Judicial Services					
Federal funds					
General and Special Funds:					
Salaries of judges	752				
Appropriation, current		BA	**79,548**	**103,000**	**105,000**
				[W] −787	
Outlays		O	76,711	105,806	105,000
				[W] −779	[W] −8
Total Salaries of judges		BA	**79,548**	**102,213**	**105,000**
		O	76,711	105,027	104,992
Salaries of supporting personnel	752				
Appropriation, current		BA	**384,926**	**474,900**	**534,300**
				[A] 1,200	
				[W] −20,421	
Outlays		O	364,096	485,879	531,330
					[A] 1,200
				[W] −19,937	[W] −484
Total Salaries of supporting personnel		BA	**384,926**	**455,679**	**534,300**
		O	364,096	465,942	532,046

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
The Judiciary—Con.				
Courts of Appeals, District Courts, and other Judicial Services—Con.				
Defender services 752				
Appropriation, current	BA	**64,367**	**61,800** [W] **–2,657**	**74,785**
Outlays	O	44,433	55,774 [W] –1,304	66,085 [W] –1,353
Total Defender services	BA	**64,367**	**59,143**	**74,785**
	O	44,433	54,470	64,732
Fees of jurors and commissioners 752				
Appropriation, current	BA	**43,700**	**43,400** [A] **3,800** [W] **–1,866**	**48,200**
Outlays	O	44,116	45,201 [A] 1,440 [W] –1,801	45,790 [A] 2,360 [W] –65
Total Fees of jurors and commissioners	BA	**43,700**	**45,334**	**48,200**
	O	44,116	44,840	48,085
Expenses of Operation and Maintenance of the Courts 752				
Appropriation, current	BA	**110,609**	**135,000** [W] **–5,805**	**160,500**
Outlays	O	86,515	131,787 [W] –4,684	153,869 [W] –1,121
Total Expenses of Operation and Maintenance of the Courts	BA	**110,609**	**129,195**	**160,500**
	O	86,515	127,103	152,748
Bankruptcy courts, salaries and expenses 752				
Appropriation, current	BA	**119,490**	....	....
Outlays	O	113,994	15,498	....
Services for drug dependent offenders 752				
Outlays	O	755	....	....
Space and facilities 752				
Appropriation, current	BA	**142,384**	**147,000** [W] **–6,321**	**182,200**
Outlays	O	141,984	152,190 [W] –5,768	182,588 [W] –553
Total Space and facilities	BA	**142,384**	**140,679**	**182,200**
	O	141,984	146,422	182,035
Furniture and furnishings 752				
Outlays	O	45	521	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
The Judiciary—Con.					
Courts of Appeals, District Courts, and other Judicial Services—Con.					
Court security	752				
Appropriation, current		BA	**26,992**	**32,750**	**39,950**
				[W] −1,408	
Outlays		0	26,958	31,580	38,314
				[W] −1,082	[W] −326
Total Court security		BA	**26,992**	**31,342**	**39,950**
		0	26,958	30,498	37,988
Special rail reorganization court	752				
Outlays		0	223	345	223
Total Federal funds Courts of Appeals, District Courts, and other Judicial Services		BA	**972,016**	**963,585**	**1,144,935**
		0	899,830	990,666	1,122,849
Administrative Office of the United States Courts					
Federal funds					
General and Special Funds:					
Salaries and expenses	752				
Appropriation, current		BA	**28,788**	**29,200**	**32,100**
				[W] −1,256	
Outlays		0	26,427	28,742	31,593
				[W] −1,084	[W] −172
Total Salaries and expenses		BA	**28,788**	**27,944**	**32,100**
		0	26,427	27,658	31,421
Study of construction of office building	752				
Appropriation, current		BA		**[A] 2,000**	
Outlays		0		[A] 2,000	
Total Federal funds Administrative Office of the United States Courts		BA	**28,788**	**29,944**	**32,100**
		0	26,427	29,658	31,421
Federal Judicial Center					
Federal funds					
General and Special Funds:					
Salaries and expenses	752				
Appropriation, current		BA	**9,471**	**9,600**	**10,226**
				[W] −413	
Outlays		0	9,647	9,521	10,108
				[W] −330	[W] −83
Total Salaries and expenses		BA	**9,471**	**9,187**	**10,226**
		0	9,647	9,191	10,025

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

The Judiciary—Con.

Bicentennial Expenses, The Judiciary

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Bicentennial activities	806				
Appropriation, current		BA	....	....	**1,500**
Outlays		0	13	371	1,900

Judiciary Trust Funds

Trust funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
Judicial survivors' annuities fund	602				
Appropriation, permanent, indefinite		BA	**14,276**	**15,571**	**17,068**
Outlays		0	3,729	3,932	4,080

Summary

Account and functional code		1985 actual	1986 estimate	1987 estimate
Federal funds:				
(As shown in detail above)	BA	**1,038,065**	**1,030,804**	**1,221,284**
	0	962,497	1,058,513	1,198,504
Trust funds:				
(As shown in detail above)	BA	**14,276**	**15,571**	**17,068**
	0	3,729	3,932	4,080
Total The Judiciary	BA	**1,052,341**	**1,046,375**	**1,238,352**
	0	966,226	1,062,445	1,202,584

Executive Office of the President

Compensation of the President

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Compensation of the President	802				
Appropriation, current		BA	**250**	**250**	**250**
Outlays		0	223	250	250

The White House Office

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current		BA	**25,189**	**24,906** [w] **−1,071**	**25,179**
Outlays		0	24,083	24,906 [w] −951	25,179 [w] −120
Total Salaries and expenses		BA	**25,189**	**23,835**	**25,179**
		0	24,083	23,955	25,059

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Executive Office of the President—Con.

Executive Residence at the White House

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Operating expenses	802				
Appropriation, current		BA	**4,658**	**4,577** [w] **–197**	**4,942**
Outlays		O	4,604	4,577 [w] –176	4,942 [w] –21
Total Operating expenses		BA	**4,658**	**4,380**	**4,942**
		O	4,604	4,401	4,921

Official Residence of the Vice President

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Operating expenses	802				
Appropriation, current		BA	**219**	**204** [w] **–9**	**211**
Outlays		O	46	385 [w] –5	227 [w] –4
Total Operating expenses		BA	**219**	**195**	**211**
		O	46	380	223

Special Assistance to the President

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current		BA	**1,676**	**1,794** [w] **–77**	**1,849**
Outlays		O	1,631	1,740 [w] –67	1,794 [w] –10
Total Salaries and expenses		BA	**1,676**	**1,717**	**1,849**
		O	1,631	1,673	1,784

Council of Economic Advisers

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current		BA	**2,560**	**2,301** [w] **–99**	**2,346**
Outlays		O	2,170	2,232 [w] –82	2,276 [w] –17
Total Salaries and expenses		BA	**2,560**	**2,202**	**2,346**
		O	2,170	2,150	2,259

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Executive Office of the President—Con.

Council on Environmental Quality and Office of Environmental Quality

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Council on Environmental Quality and Office of Environmental Quality 802				
Appropriation, current	BA	**700**	**700** [w] **−30**	**820**
Outlays	O	1,830	1,303 [w] −29	814 [w] −1
Total Council on Environmental Quality and Office of Environmental Quality	BA O	**700** 1,830	**670** 1,274	**820** 813
Intragovernmental Funds:				
Management fund, Office of Environmental Quality 802				
Outlays	O	−1,239	1,085	....
Total Federal funds Council on Environmental Quality and Office of Environmental Quality	BA O	**700** 591	**670** 2,359	**820** 813

Council on Wage and Price Stability

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Salaries and expenses 802				
Outlays	O	3	....	....

Office of Policy Development

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Salaries and expenses 802				
Appropriation, current	BA	**3,020**	**2,726** [w] **−117**	**2,665**
Outlays	O	2,240	2,898 [w] −103	2,683 [w] −14
Total Salaries and expenses	BA O	**3,020** 2,240	**2,609** 2,795	**2,665** 2,669

National Security Council

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Salaries and expenses 802				
Appropriation, current	BA	**4,605**	**4,627** [w] **−199**	**4,627**
Outlays	O	4,454	4,429 [w] −156	4,627 [w] −43
Total Salaries and expenses	BA O	**4,605** 4,454	**4,428** 4,273	**4,627** 4,584

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Executive Office of the President—Con.

National Critical Materials Council

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current		BA	**200**	**500**	**250**
				[w] −22	
Outlays		O	....	500	250
				[w] −22	
Total Salaries and expenses		BA	**200**	**478**	**250**
		O	....	478	250

Office of Administration

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current		BA	**16,240**	**15,597**	**16,238**
				[w] −671	
Outlays		O	14,953	15,129	15,751
				[w] −411	[w] −260
Total Salaries and expenses		BA	**16,240**	**14,926**	**16,238**
		O	14,953	14,718	15,491

Office of Management and Budget

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current		BA	**38,852**	**37,299**	**39,682**
				[w] −1,604	
Outlays		O	39,754	38,207	39,518
				[w] −1,443	[w] −161
Total Salaries and expenses		BA	**38,852**	**35,695**	**39,682**
		O	39,754	36,764	39,357
Office of Federal Procurement Policy: Salaries and expenses	802				
Appropriation, current		BA	**1,630**	**1,611**	**1,660**
				[w] −69	
Outlays		O	1,490	1,628	1,660
				[w] −64	[w] −5
Total Office of Federal Procurement Policy		BA	**1,630**	**1,542**	**1,660**
		O	1,490	1,564	1,655
Total Federal funds Office of Management and Budget		BA	**40,482**	**37,237**	**41,342**
		O	41,244	38,328	41,012

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Executive Office of the President—Con.					
Office of Science and Technology Policy					
Federal funds					
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current		BA	**2,334**	**2,317**	**1,671**
				[w] **−100**	
Outlays		0	2,131	2,317	1,882
				[w] −76	[w] −24
Total Salaries and expenses		BA	**2,334**	**2,217**	**1,671**
		0	2,131	2,241	1,858
Office of the United States Trade Representative					
Federal funds					
General and Special Funds:					
Salaries and expenses	802				
Appropriation, current		BA	**13,582**	**13,158**	....
					[x] **12,216**
				[w] **−566**	
Outlays		0	12,862	13,222	12,216
				[w] −481	[w] −85
Total Salaries and expenses		BA	**13,582**	**12,592**	**12,216**
		0	12,862	12,741	12,131
Property Review Board					
Federal funds					
General and Special Funds:					
Salaries and expenses	802				
Outlays		0	26	43	....
Special Action Office for Drug Abuse Prevention					
Federal funds					
General and Special Funds:					
Miscellaneous expired accounts	554				
Outlays		0	....	95	....
Summary					
Federal funds:					
Total Executive Office of the President		BA	**115,715**	**107,736**	**114,606**
		0	111,261	110,880	113,304

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Funds Appropriated to the President					
Disaster Relief					
Federal funds					
General and Special Funds:					
Disaster relief	453				
Appropriation, current		BA	**100,000**	**100,000** [A] **250,000** [W] **–4,300**	.... [K] **100,000**
Outlays		O	191,683	200,000 [A] 125,000 [W] –2,838	175,000 [A] 75,000 [W] –1,462
Total Disaster relief		BA O	**100,000** 191,683	**345,700** 322,162	**100,000** 248,538
Trust funds					
Bequests and gifts	453				
Appropriation, permanent, indefinite		BA	**67**	**76**	**85**
Outlays		O	15	20	35
Unanticipated Needs					
Federal funds					
General and Special Funds:					
Unanticipated needs	802				
Appropriation, current		BA	**1,000**	**1,000** [W] **–43**	**1,000**
Outlays		O	162	1,000 [W] –38	1,000 [W] –5
Total Unanticipated needs		BA O	**1,000** 162	**957** 962	**1,000** 995
International Security Assistance					
Federal funds					
General and Special Funds:					
Foreign military sales credit	152				
Appropriation, current		BA	**4,939,500**	**5,190,000** [W] **–223,170**	**5,661,000**
Outlays		O	2,274,726	3,863,000 [W] –92,958	6,223,000 [W] –102,000
Limitation on direct loan obligations			(4,939,500)	(5,190,000) [W] (–223,170)	(5,661,000)
Total Foreign military sales credit		BA O	**4,939,500** 2,274,726	**4,966,830** 3,770,042	**5,661,000** 6,121,000
Intragovernmental Funds:					
FMS guarantees, FFB direct loans	152				
Authority to borrow, permanent, indefinite		BA	**1,683,322**	**950,451**	**473,315**
Outlays		O	977,606	186,737	–306,253

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Funds Appropriated to the President—Con.

International Security Assistance—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Economic support fund	152				
Appropriation, current		BA	**6,099,000**	**3,700,000** [W] **−159,358**	**3,800,000** [K] **293,800**
Reappropriation		BA	**60,794**	**6,000**	....
Outlays		0	4,888,911	4,907,000 [W] −98,298	4,077,000 [W] −19,307
Limitation on direct loan obligations (P.L. 99-177).			....	(396,500) [W] (−17,050)	....
Total Economic support fund		BA	**6,159,794**	**3,546,642**	**4,093,800**
		0	4,888,911	4,808,702	4,057,693
Military assistance	152				
Appropriation, current		BA	**805,100**	**782,000** [W] **−33,626**	**996,450**
Outlays		0	847,939	794,000 [W] −32,895	993,000 [W] −731
Total Military assistance		BA	**805,100**	**748,374**	**996,450**
		0	847,939	761,105	992,269
International military education and training	152				
Appropriation, current		BA	**56,221**	**54,490** [W] **−2,343**	**68,830**
Outlays		0	43,721	54,042 [W] −1,054	60,786 [W] −1,289
Total International military education and training		BA	**56,221**	**52,147**	**68,830**
		0	43,721	52,988	59,497
Peacekeeping operations	152				
Appropriation, current		BA	**44,000**	**34,000** [W] **−1,462**	**37,000** [K] **2,000**
Outlays		0	37,110	43,846 [W] −626	38,000 [W] −836
Total Peacekeeping operations		BA	**44,000**	**32,538**	**39,000**
		0	37,110	43,220	37,164
Assistance for relocation of facilities in Israel	152				
Outlays		0	158	795	....
Public Enterprise Funds:					
Guarantee reserve fund	152				
Appropriation, current, indefinite		BA	**109,000**	....	....
Outlays		0	390,290	130,247	36,358
Summary					
Federal funds:					
(As shown in detail above)		BA	**13,796,937**	**10,296,982**	**11,332,395**
		0	9,460,461	9,753,836	10,997,728

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Funds Appropriated to the President—Con.					
International Security Assistance—Con.					
Deductions for offsetting receipts:					
Proprietary receipts from the public	152	BA	*−71,488*	*−67,900*	*−69,800*
		O			
	908	BA	*−93,563*	*−122,000*	*−392,500*
		O			
Total International Security Assistance		BA	**13,631,886**	**10,107,082**	**10,870,095**
		O	9,295,410	9,563,936	10,535,428
International Development Assistance					
Multilateral Assistance					
Federal funds					
General and Special Funds:					
Contribution to the International Bank for Reconstruction and Development	151				
Appropriation, current		BA	**139,723**	**109,721** [w] **−4,718**	**182,846**
Outlays		O	30,019	48,785 [w] −472	248,699 [w] −2,123
Total Contribution to the International Bank for Reconstruction and Development		BA	**139,723**	**105,003**	**182,846**
		O	30,019	48,313	246,576
Contribution to the International Development Association	151				
Appropriation, current		BA	**900,000**	**700,000** [w] **−30,100**	**750,000**
Outlays		O	873,858	528,964	753,200
Total Contribution to the International Development Association		BA	**900,000**	**669,900**	**750,000**
		O	873,858	528,964	753,200
Contribution to the special facility for Sub-Saharan Africa	151				
Appropriation, current		BA	....	**75,000** [w] **−3,225**	....
Outlays		O	....	15,000 [w] −645	30,000 [w] −1,290
Total Contribution to the special facility for Sub-Saharan Africa		BA	....	**71,775**	....
		O	....	14,355	28,710

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Funds Appropriated to the President—Con.				
International Development Assistance—Con.				
Multilateral Assistance—Con.				
Contribution to the International Finance Corporation 151				
Appropriation, current	BA	....	**29,077** **[w] −1,250**	**35,033**
Outlays	0	....	29,077 [w] −1,250	35,033
Total Contribution to the International Finance Corporation	BA	....	**27,827**	**35,033**
	0	....	27,827	35,033
Contribution to the Inter-American Development Bank 151				
Appropriation, current	BA	**236,002**	**89,701** **[w] −3,857**	**143,501**
Outlays	0	328,443	363,154 [w] −34	263,756 [w] −585
Total Contribution to the Inter-American Development Bank	BA	**236,002**	**85,844**	**143,501**
	0	328,443	363,120	263,171
Contribution to the Asian Development Bank 151				
Appropriation, current	BA	**204,465**	**111,909** **[w] −4,812**	**143,233**
Outlays	0	133,315	140,135 [w] −205	156,515
Total Contribution to the Asian Development Bank	BA	**204,465**	**107,097**	**143,233**
	0	133,315	139,930	156,515
Contribution to the African Development Fund 151				
Appropriation, current	BA	**50,000**	**62,250** **[w] −2,677**	**75,000**
Outlays	0	43,439	51,303	50,211
Total Contribution to the African Development Fund	BA	**50,000**	**59,573**	**75,000**
	0	43,439	51,303	50,211
Contribution to the African Development Bank 151				
Appropriation, current	BA	**17,988**	**16,189** **[w] −696**	**17,986**
Outlays	0	17,987	16,190 [w] −696	17,986
Total Contribution to the African Development Bank	BA	**17,988**	**15,493**	**17,986**
	0	17,987	15,494	17,986
Contribution to Multilateral Investment Guarantee Agency 151				
Appropriation, current	BA			**[j] 44,403**
Outlays	0			[j] 22,202

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Funds Appropriated to the President—Con.				
International Development Assistance—Con.				
Multilateral Assistance—Con.				
International organizations and programs 151				
Appropriation, current	BA	**358,676**	**277,922** [H] **–39,760** [W] **–11,951**	**186,000**
Outlays	0	336,401	334,656 [H] –26,829 [W] –7,996	242,731 [H] –12,931 [W] –3,955
Total International organizations and programs	BA	**358,676**	**226,211**	**186,000**
	0	336,401	299,831	225,845
Total Federal funds Multilateral Assistance	BA	**1,906,854**	**1,368,723**	**1,578,002**
	0	1,763,462	1,489,137	1,799,449
Agency for International Development				
Federal funds				
General and Special Funds:				
Functional development assistance program 151				
Appropriation, current	BA	**1,651,522**	**1,512,919** [W] **–65,056**	**1,613,500**
Reappropriation	BA	**96,931**	....	....
Outlays	0	1,215,622	1,441,986 [W] –8,002	1,510,692 [W] –22,119
Limitation on direct loan obligations (P.L. 99-177)		....	(315,034) [W] (–13,546)	....
Total Functional development assistance program	BA	**1,748,453**	**1,447,863**	**1,613,500**
	0	1,215,622	1,433,984	1,488,573
Sahel development program 151				
Appropriation, current	BA	**97,500**	**80,500** [W] **–3,462**	....
Outlays	0	92,777	93,399 [W] –426	59,600 [W] –1,177
Total Sahel development program	BA	**97,500**	**77,038**	....
	0	92,777	92,973	58,423
American schools and hospitals abroad 151				
Appropriation, current	BA	**30,000**	**35,000** [W] **–1,505**	**10,000**
Outlays	0	26,743	28,300 [W] –384	22,806 [W] –527
Total American schools and hospitals abroad	BA	**30,000**	**33,495**	**10,000**
	0	26,743	27,916	22,279

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Funds Appropriated to the President—Con.					
International Development Assistance—Con.					
Agency for International Development—Con.					
International disaster assistance	151				
Appropriation, current		BA	**160,000**	**22,500**	**25,000**
				[W] **−968**	
Outlays		0	187,060	130,380	78,626
				[W] −240	[W] −484
Total International disaster assistance		BA	**160,000**	**21,532**	**25,000**
		0	187,060	130,140	78,142
Operating expenses Agency for International Development	151				
Appropriation, current		BA	**394,033**	**376,350**	....
					[K] **388,900**
				[W] **−16,183**	
Outlays		0	376,751	370,693	384,484
				[W] −12,137	[W] −3,237
Total Operating expenses Agency for International Development		BA	**394,033**	**360,167**	**388,900**
		0	376,751	358,556	381,247
Payment to the Foreign Service retirement and disability fund	153				
Appropriation, current		BA	**41,864**	**43,122**	**45,492**
					[J] **−11,500**
Outlays		0	41,864	43,122	45,492
					[J] −11,500
Total Payment to the Foreign Service retirement and disability fund		BA	**41,864**	**43,122**	**33,992**
		0	41,864	43,122	33,992
Operating expenses of the Agency for International Development Office of Inspector General	151				
Appropriation, current		BA	....	**21,050**	....
					[K] **21,750**
				[W] **−905**	
Outlays		0	....	16,388	19,842
				[W] −705	[W] −170
Total Operating expenses of the Agency for International Development Office of Inspector General		BA	....	**20,145**	**21,750**
		0	....	15,683	19.672
Miscellaneous appropriations, AID	151				
Outlays		0	1,540	1,439	1,159

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Funds Appropriated to the President—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
International Development Assistance—Con.					
Agency for International Development—Con.					
Public Enterprise Funds:					
Housing and other credit guaranty programs	151				
Appropriation, current		BA	**40,000**	....	.... [K] **10,000**
Outlays		O	17,678	9,489 [W] −195	6,991 [W] −65
Limitation on administrative expenses (P.L. 99-177)			....	(6,048) [W] (−260)	....
Limitation on guaranteed loan commitments			(160,000)	(152,000) [W] (−6,536)	....
Total Housing and other credit guaranty programs		BA	**40,000**	....	**10,000**
		O	17,678	9,294	6,926
Private sector revolving fund	151				
Appropriation, current		BA	**16,000**	**18,000** [W] **−774**	**13,500**
Outlays		O	3,047	8,500 [W] −77	12,300 [W] −155
Limitation on direct loan obligations			....	(18,000) [W] (−774)	(15,000)
Total Private sector revolving fund		BA	**16,000**	**17,226**	**13,500**
		O	3,047	8,423	12,145
Development loans--revolving fund	151				
Outlays		O	30	....	....
Intragovernmental Funds:					
Advance acquisition of property--revolving fund	151				
Outlays		O	880	....	....
Trust funds					
Miscellaneous trust funds, AID	151				
Appropriation, permanent, indefinite		BA	**6,188**	**15,000**	**15,000**
Outlays		O	7,359	15,000	15,000
Summary					
Federal funds:					
(As shown in detail above)		BA	**2,527,850**	**2,020,588**	**2,116,642**
		O	1,963,992	2,121,530	2,102,558
Deductions for offsetting receipts:					
Proprietary receipts from the public	151	BA O	*−370,966*	*−393,605*	*−421,135*
	908	BA O	*−386,293*	*−357,232*	*−358,799*
Total Federal funds		BA	**1,770,591**	**1,269,751**	**1,336,708**
		O	1,206,733	1,370,693	1,322,624

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Funds Appropriated to the President—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
International Development Assistance—Con.					
Agency for International Development—Con.					
Trust funds:					
(As shown in detail above)		BA	**6,188**	**15,000**	**15,000**
		0	7,359	15,000	15,000
Deductions for offsetting receipts:					
Proprietary receipts from the public	151	BA 0	*−6,137*	*−15,000*	*−15,000*
Total Trust funds		BA	**51**		
		0	1,222		
Total Agency for International Development		BA	**1,770,642**	**1,269,751**	**1,336,708**
		0	1,207,955	1,370,693	1,322,624
Trade and Development Program					
Federal funds					
General and Special Funds:					
Trade and development program	151				
Appropriation, current		BA	**21,000**	**18,900**	
					[K] 18,000
				[W] −813	
Outlays		0	13,364	17,415	19,312
				[W] −185	[W] −406
Total Trade and development program		BA	**21,000**	**18,087**	**18,000**
		0	13,364	17,230	18,906
Foreign Assistance Contingencies					
Federal funds					
General and Special Funds:					
Foreign Assistance Contingencies	151				
Appropriation, current		BA		**[J] 50,000**	
Outlays		0		[J] 10,000	[J] 40,000
Peace Corps					
Federal funds					
General and Special Funds:					
Peace Corps operating expenses	151				
Appropriation, current		BA	**128,600**	**130,000**	**126,200**
				[W] −5,590	
Outlays		0	117,687	126,500	125,500
				[W] −4,408	[W] −934
Total Peace Corps operating expenses		BA	**128,600**	**124,410**	**126,200**
		0	117,687	122,092	124,566
Trust funds					
Peace Corps miscellaneous trust funds	151				
Appropriation, permanent, indefinite		BA	**167**	**550**	**550**
Outlays		0	227	550	550

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Funds Appropriated to the President—Con.					
International Development Assistance—Con.					
Peace Corps—Con.					
Summary					
Federal funds:					
(As shown in detail above)		BA	**128,600**	**124,410**	**126,200**
		O	117,687	122,092	124,566
Trust funds:					
(As shown in detail above)		BA	**167**	**550**	**550**
		O	227	550	550
Deductions for offsetting receipts:					
Proprietary receipts from the public	151	BA	*−10*	....	....
		O			
Total Trust funds		BA	**157**	**550**	**550**
		O	217	550	550
Total Peace Corps		BA	**128,757**	**124,960**	**126,750**
		O	117,904	122,642	125,116
Overseas Private Investment Corporation					
Federal funds					
Public Enterprise Funds:					
Overseas Private Investment Corporation	151				
Outlays		O	−99,082	−109,829 [w] −629	−112,690
Limitation on administrative expenses (P.L. 99-177)			....	(12,400) [w] (−533)	....
Limitation on direct loan obligations			(15,000)	(14,250) [w] (−613)	(15,000)
Limitation on guaranteed loan commitments			(150,000)	(142,500) [w] (−6,128)	(150,000)
Total Overseas Private Investment Corporation		O	−99,082	−110,458	−112,690
Intragovernmental Funds:					
Overseas Private Investment Corporation, FFB loan asset purchases	151				
Outlays		O	−4,842	−5,111	−588
Total Federal funds Overseas Private Investment Corporation		O	−103,924	−115,569	−113,278
Inter-American Foundation					
Federal funds					
Public Enterprise Funds:					
Inter-American Foundation	151				
Appropriation, current		BA	**11,992**	**11,969** **[w] −515**	**10,800**
Outlays		O	6,183	8,388 [w] −894	10,352 [w] −124
Total Inter-American Foundation		BA	**11,992**	**11,454**	**10,800**
		O	6,183	7,494	10,228

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Funds Appropriated to the President—Con.				
International Development Assistance—Con.				
Inter-American Foundation—Con.				
Trust funds				
Gifts and contributions, Inter-American Foundation 151				
Outlays	O	2	5	...
Total Federal funds International Development Assistance	BA O	**3,839,037** 3,003,505	**2,842,425** 2,901,077	**3,069,710** 3,202,495
Total Trust funds International Development Assistance	BA O	**208** 1,441	**550** 555	**550** 550
Humanitarian Assistance for Nicaraguan Democratic Resistance				
Federal funds				
General and Special Funds:				
Humanitarian assistance for Nicaraguan democratic resistance 151				
Appropriation, current	BA	**27,000**	...	...
Outlays	O	...	27,000	...
International Development Assistance				
African Development Foundation				
Federal funds				
General and Special Funds:				
African Development Foundation 151				
Appropriation, current	BA	**2,769**	**3,872**	... [K] **6,500**
			[W] **−166**	
Outlays	O	2,802	4,218 [W] −74	5,496 [W] −72
Total African Development Foundation	BA O	**2,769** 2,802	**3,706** 4,144	**6,500** 5,424
International Commodity Agreements				
Federal funds				
General and Special Funds:				
Contributions to international buffer stocks 155				
Outlays	O	15,887	...	...
Fair Export Financing Program				
Federal funds				
General and Special Funds:				
Fair export financing program 155				
Appropriation, current	BA	...	...	**300,000**
Outlays	O	...	...	16,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Funds Appropriated to the President—Con.				
International Monetary Programs				
Federal funds				
General and Special Funds:				
United States quota, International Monetary Fund 155				
Outlays	0	–593,362	....	....
Supplementary financing facility, International Monetary Fund 155				
Outlays	0	46,910	....	....
Total Federal funds International Monetary Programs	0	–546,452	....	....
Military Sales Programs				
Federal funds				
Public Enterprise Funds:				
Special defense acquisition fund 155				
Outlays	0	–57,535	–53,074 [w] –140	–9,317 [w] –1,956
Limitation on program level (obligations) (P.L. 99-177)		(325,000)	(325,000) [w] (–13,975)	(350,000)
Total Special defense acquisition fund	0	–57,535	–53,214	–11,273
Trust funds				
Foreign military sales trust fund 155				
Contract authority, permanent, indefinite	BA	**12,510,841**	**12,800,000**	**12,600,000**
Liquidation of contract authority, permanent		(9,649,190)	(10,800,000)	(11,300,000)
Outlays	0	9,792,157	10,500,000	11,100,000
Summary				
Federal funds:				
(As shown in detail above)	0	–57,535	–53,214	–11,273
Trust funds:				
(As shown in detail above)	BA	**12,510,841**	**12,800,000**	**12,600,000**
	0	9,792,157	10,500,000	11,100,000
Deductions for offsetting receipts:				
Proprietary receipts from the public 155	BA 0	*–9,649,190*	*–10,800,000*	*–11,300,000*
Total Trust funds	BA	**2,861,651**	**2,000,000**	**1,300,000**
	0	142,967	–300,000	–200,000
Total Military Sales Programs	BA	**2,861,651**	**2,000,000**	**1,300,000**
	0	85,432	–353,214	–211,273
Summary				
Federal funds:				
(As shown in detail above)	BA	**18,524,002**	**14,240,607**	**15,589,539**
	0	12,827,772	13,706,804	15,239,841
Deductions for offsetting receipts:				
Proprietary receipts from the public 151	BA 0	*–370,966*	*–393,605*	*–421,135*

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Funds Appropriated to the President—Con.					
Summary—Con.					
	152	BA 0	*−71,488*	*−67,900*	*−69,800*
	908	BA 0	*−479,856*	*−479,232*	*−751,299*
Total Federal funds		BA	**17,601,692**	**13,299,870**	**14,347,305**
		0	11,905,462	12,766,067	13,997,607
Trust funds:					
(As shown in detail above)		BA	**12,517,263**	**12,815,626**	**12,615,635**
		0	9,799,760	10,515,575	11,115,585
Deductions for offsetting receipts:					
Proprietary receipts from the public	151	BA 0	*−6,147*	*−15,000*	*−15,000*
	155	BA 0	*−9,649,190*	*−10,800,000*	*−11,300,000*
Total Trust funds		BA	**2,861,926**	**2,000,626**	**1,300,635**
		0	144,423	−299,425	−199,415
Total Funds Appropriated to the President		BA	**20,463,618**	**15,300,496**	**15,647,940**
		0	12,049,885	12,466,642	13,798,192
Department of Agriculture					
Office of the Secretary					
Federal funds					
General and Special Funds:					
Office of the Secretary	352				
Appropriation, current		BA	**5,345**	**5,758** [w] **−248**	**5,538**
Outlays		0	5,186	5,758 [w] −239	5,538 [w] −9
Total Office of the Secretary		BA	**5,345**	**5,510**	**5,538**
		0	5,186	5,519	5,529
Trust funds					
Gifts and bequests	352				
Appropriation, permanent		BA	**213**	**147**	**101**
Outlays		0	184	175	101

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Agriculture—Con.

Departmental Administration

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Departmental administration	352				
Appropriation, current		BA	**19,044**	**19,174** [w] **−824**	**21,920**
Outlays		0	12,389	19,174 [w] −732	21,920 [w] −92
Total Departmental administration		BA	**19,044**	**18,350**	**21,920**
		0	12,389	18,442	21,828
Rental payments and building operations	352				
Appropriation, current		BA	**66,894**	**68,706** [w] **−3,046**	**76,180**
Outlays		0	70,009	68,237 [w] −2,852	76,180 [w] −194
Total Rental payments and building operations		BA	**66,894**	**65,660**	**76,180**
		0	70,009	65,385	75,986
Advisory committees	352				
Appropriation, current		BA	**1,385**	**1,315** [w] **−57**	**1,323**
Outlays		0	1,072	1,315 [w] −28	1,323 [w] −29
Total Advisory committees		BA	**1,385**	**1,258**	**1,323**
		0	1,072	1,287	1,294
Intragovernmental Funds:					
Working capital fund	352				
Appropriation, current		BA	**6,000**	**5,964**	**6,000**
Outlays		0	5,401	5,964	6,000
Total Federal funds Departmental Administration		BA	**93,323**	**91,232**	**105,423**
		0	88,871	91,078	105,108

Office of Governmental and Public Affairs

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Office of Governmental and Public Affairs	352				
Appropriation, current		BA	**7,657**	**7,673** [w] **−330**	**8,570**
Outlays		0	7,746	7,673 [w] −261	8,570 [w] −69
Total Office of Governmental and Public Affairs		BA	**7,657**	**7,343**	**8,570**
		0	7,746	7,412	8,501

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Office of the Inspector General					
Federal funds					
General and Special Funds:					
Office of the Inspector General	352				
Appropriation, current		BA	**46,321**	**46,495**	**46,321**
				[w] −1,999	
Outlays		O	42,077	45,853	46,321
				[w] −1,711	[w] −288
Total Office of the Inspector General		BA	**46,321**	**44,496**	**46,321**
		O	42,077	44,142	46,033
Office of the General Counsel					
Federal funds					
General and Special Funds:					
Office of the General Counsel	352				
Appropriation, current		BA	**15,903**	**15,773**	**17,430**
				[w] −678	
Outlays		O	16,158	15,773	17,430
				[w] −672	[w] −6
Total Office of the General Counsel		BA	**15,903**	**15,095**	**17,430**
		O	16,158	15,101	17,424
Agricultural Research Service					
Federal funds					
General and Special Funds:					
Agricultural Research Service	352				
Appropriation, current		BA	**490,106**	**499,866**	**513,053**
				[w] −21,494	
Appropriation, permanent		BA	**2,800**	....	....
Outlays		O	487,333	492,162	513,632
				[w] −17,254	[w] −4,326
Total Agricultural Research Service		BA	**492,906**	**478,372**	**513,053**
		O	487,333	474,908	509,306
Buildings and facilities	352				
Appropriation, current		BA	**22,350**	**6,312**	....
				[w] −271	
Outlays		O	6,389	17,696	38,758
				[w] −47	[w] −224
Total Buildings and facilities		BA	**22,350**	**6,041**	....
		O	6,389	17,649	38,534

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Agricultural Research Service—Con.					
Trust funds					
Miscellaneous contributed funds	352				
Appropriation, permanent, indefinite		BA	**1,509**	**2,000**	**2,000**
Outlays		0	1,978	2,000	2,000
Total Federal funds Agricultural Research Service		BA	**515,256**	**484,413**	**513,053**
		0	493,722	492,557	547,840
Total Trust funds Agricultural Research Service		BA	**1,509**	**2,000**	**2,000**
		0	1,978	2,000	2,000
Cooperative State Research Service					
Federal funds					
General and Special Funds:					
Cooperative State Research Service	352				
Appropriation, current		BA	**304,316**	**288,680** [w] **−12,534**	**246,356**
Appropriation, permanent		BA	....	**2,800**	....
Outlays		0	243,624	287,025 [w] −8,110	253,695 [w] −4,424
Total Cooperative State Research Service		BA	**304,316**	**278,946**	**246,356**
		0	243,624	278,915	249,271
Extension Service					
Federal funds					
General and Special Funds:					
Extension Service	352				
Appropriation, current		BA	**343,727**	**342,747** [w] **−14,738**	**140,000**
Outlays		0	338,037	342,915 [w] −11,658	182,361 [w] −3,107
Total Extension Service		BA	**343,727**	**328,009**	**140,000**
		0	338,037	331,257	179,254
National Agricultural Library					
Federal funds					
General and Special Funds:					
National Agricultural Library	352				
Appropriation, current		BA	**11,464**	**11,272** [w] **−485**	**11,421**
Outlays		0	10,389	11,172 [w] −351	11,300 [w] −134
Total National Agricultural Library		BA	**11,464**	**10,787**	**11,421**
		0	10,389	10,821	11,166

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Statistical Reporting Service					
Federal funds					
General and Special Funds:					
Salaries and expenses	352				
Appropriation, current		BA	**58,287**	**58,725** **[W] −2,525**	**59,712**
Outlays		O	56,525	58,664 [W] −2,101	59,573 [W] −470
Total Salaries and expenses		BA	**58,287**	**56,200**	**59,712**
		O	56,525	56,563	59,103
Trust funds					
Miscellaneous contributed funds	352				
Appropriation, permanent, indefinite		BA	**209**	**160**	**160**
Outlays		O	228	160	160
Economic Research Service					
Federal funds					
General and Special Funds:					
Salaries and expenses	352				
Appropriation, current		BA	**46,602**	**46,097** **[W] −1,982**	**45,475**
Reappropriation		BA	**545**	....	....
Outlays		O	45,107	46,682 [W] −1,666	45,680 [W] −316
Total Salaries and expenses		BA	**47,147**	**44,115**	**45,475**
		O	45,107	45,016	45,364
Trust funds					
Miscellaneous contributed funds	352				
Appropriation, permanent, indefinite		BA	**28**	....	....
Outlays		O	29	25	....
World Agricultural Outlook Board					
Federal funds					
General and Special Funds:					
World agricultural outlook board	352				
Appropriation, current		BA	**1,676**	**1,670** **[W] −72**	**1,680**
Outlays		O	1,608	1,664 [W] −55	1,674 [W] −17
Total World agricultural outlook board		BA	**1,676**	**1,598**	**1,680**
		O	1,608	1,609	1,657

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Foreign Agricultural Service					
Federal funds					
General and Special Funds:					
Foreign Agricultural Service	352				
Appropriation, current		BA	**83,622**	**83,046** * **−3,571**	**71,882**
Outlays		O	76,265	83,242 * −1,969	71,882 * −1,602
Total Foreign Agricultural Service		BA O	**83,622** 76,265	**79,475** 81,273	**71,882** 70,280
Salaries and expenses (special foreign currency program)	352				
Outlays		O	....	74	....
Total Federal funds Foreign Agricultural Service		BA O	**83,622** 76,265	**79,475** 81,347	**71,882** 70,280
Office of International Cooperation and Development					
Federal funds					
General and Special Funds:					
Salaries and expenses	352				
Appropriation, current		BA	**5,038**	**5,384** * **−232**	**3,051**
Outlays		O	11,586	5,276 * −255	3,020 * −6
Total Salaries and expenses		BA O	**5,038** 11,586	**5,152** 5,021	**3,051** 3,014
Scientific activities overseas (foreign currency program)	352				
Appropriation, current		BA	**5,000**	**2,982** * **−128**	....
Outlays		O	4,348	6,674 * −64	5,207 * −64
Total Scientific activities overseas (foreign currency program)		BA O	**5,000** 4,348	**2,854** 6,610	 5,143
Trust funds					
Miscellaneous contributed funds	352				
Appropriation, permanent, indefinite		BA	**4,789**	**3,257**	**3,352**
Outlays		O	3,582	3,257	3,352
Total Federal funds Office of International Cooperation and Development		BA O	**10,038** 15,934	**8,006** 11,631	**3,051** 8,157
Total Trust funds Office of International Cooperation and Development		BA O	**4,789** 3,582	**3,257** 3,257	**3,352** 3,352

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.				
Foreign Assistance Programs				
Federal funds				
General and Special Funds:				
Expenses, Public Law 480, foreign assistance programs, Agriculture 151				
Appropriation, current	BA	**1,964,000**	**1,299,158** [W] **–55,864**	**1,164,400**
Outlays	O	1,715,100	1,438,931 [W] –65,738	1,164,400 [W] –6,502
Limitation on program level (obligations) (P.L. 99-177)		....	(1,680,000) [W] (–72,240)	....
Limitation on direct loan obligations (P.L. 99-177)		....	(946,700) [W] (–40,708)	....
Total Expenses, Public Law 480, foreign assistance programs, Agriculture	BA	**1,964,000**	**1,243,294**	**1,164,400**
	O	1,715,100	1,373,193	1,157,898
Agricultural Stabilization and Conservation Service				
Federal funds				
General and Special Funds:				
Salaries and expenses 351				
Appropriation, current	BA	**50,556**	**198**	....
Outlays	O	70,836	21,216 [W] –1,473	3,797
Total Salaries and expenses	BA	**50,556**	**198**	....
	O	70,836	19,743	3,797
Rural clean water program 304				
Outlays	O	6,660	9,000	8,000
Agricultural conservation program 302				
Appropriation, current	BA	**190,000**	**188,860** [H] **–140,839** [W] **–8,121**	....
Outlays	O	181,757	206,000 [H] –43,377 [W] –2,623	124,000 [H] –80,452 [W] –4,548
Total Agricultural conservation program	BA	**190,000**	**39,900**	....
	O	181,757	160,000	39,000
Water Bank program 302				
Appropriation, current	BA	**8,800**	**8,747** [H] **–8,371** [W] **–376**	....
Outlays	O	9,836	10,000 [H] –1,044 [W] –56	8,300 [H] –862 [W] –38
Total Water Bank program	BA	**8,800**	....	....
	O	9,836	8,900	7,400

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Agricultural Stabilization and Conservation Service—Con.					
Emergency conservation program	453				
Outlays		0	11,415	10,000	2,310
Dairy indemnity program	351				
Appropriation, current		BA	**100**	**99** [H] **−95** [W] **−4**	....
Outlays		0	33	116 [H] −95 [W] −4	....
Total Dairy indemnity program		BA	**100**	....	....
		0	33	17	....
Forestry incentives program	302				
Appropriation, current		BA	**12,500**	**12,425** [W] **−534**	....
Outlays		0	12,478	13,600 [W] −206	7,800 [W] −176
Total Forestry incentives program		BA	**12,500**	**11,891**	....
		0	12,478	13,394	7,624
Total Federal funds Agricultural Stabilization and Conservation Service		BA	**261,956**	**51,989**	....
		0	293,015	221,054	68,131
Federal Crop Insurance Corporation					
Federal funds					
General and Special Funds:					
Administrative and operating expenses	351				
Appropriation, current		BA	**200,502**	**219,026** [W] **−9,418**	**239,885** [J] **−114,859**
Outlays		0	203,691	219,026 [W] −5,503	239,885 [J] −114,859 [W] −3,915
Total Administrative and operating expenses		BA	**200,502**	**209,608**	**125,026**
		0	203,691	213,523	121,111

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Federal Crop Insurance Corporation—Con.					
Public Enterprise Funds:					
Federal Crop Insurance Corporation fund	351				
Appropriation, current		BA	**160,000**	**134,190**	**135,743**
					[J] **−20,696**
Authority to borrow, current		BA	**113,000**	....	....
Outlays		0	301,926	343,262	134,000
					[J] −18,953
Total Federal Crop Insurance Corporation fund		BA	**273,000**	**134,190**	**115,047**
		0	301,926	343,262	115,047
Total Federal funds Federal Crop Insurance Corporation		BA	**473,502**	**343,798**	**240,073**
		0	505,617	556,785	236,158
Commodity Credit Corporation					
Federal funds					
Public Enterprise Funds:					
Commodity Credit Corporation Fund	351				
Appropriation, permanent, indefinite		BA	131,959	109,365	118,635
Authority to borrow, current		BA			[J] −139,786
				[W] **−823,126**	
Indefinite		BA		[A] **71,598**	
Authority to borrow, permanent		BA	**11,448,956**	**17,078,774**	**15,536,817**
Contract authority, permanent, indefinite		BA	**3,611,098**	**5,210,193**	....
Liquidation of contract authority, current			....	....	(98,394)
Outlays		0	17,683,196	20,690,794	16,735,017
				[A] 71,598	
					[J] −139,786
				[W] −413,873	[W] −409,253
Limitation on administrative expenses and direct loans			....	(6,089)	(6,089)
				[A] (71,598)	
				[W] (−262)	
Limitation on direct loan obligations (P.L. 99-177)			....	(15,000,000)	....
				[W] (−573,835)	
Limitation on guaranteed loan commitments (P.L. 99-177)			....	(5,500,000)	....
				[W] (−236,500)	
Total Commodity Credit Corporation Fund		BA	**15,192,013**	**21,646,804**	**15,515,666**
		0	17,683,196	20,348,519	16,185,978

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Agriculture—Con.

Commodity Credit Corporation—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Temporary emergency food assistance program 351				
Appropriation, current	BA	**57,000**	**49,700**	....
			[w] −2,137	
Outlays	O	49,796	51,734	15,654
			[w] −1,464	[w] −673
Total Temporary emergency food assistance program	BA	**57,000**	**47,563**	....
	O	49,796	50,270	14,981
Total Federal funds Commodity Credit Corporation	BA	**15,249,013**	**21,694,367**	**15,515,666**
	O	17,732,992	20,398,789	16,200,959

Office of Rural Development Policy

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Salaries and expenses 452				
Appropriation, current	BA	**2,136**	**407**	....
Reappropriation	BA	**209**	....	....
Outlays	O	1,612	1,169	....
Total Salaries and expenses	BA	**2,345**	**407**	....
	O	1,612	1,169	....

Rural Electrification Administration

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Salaries and expenses 271				
Appropriation, current	BA	**30,664**	**30,804**	**26,355**
				[J] −21,750
			[w] −1,325	
Outlays	O	27,404	31,614	26,517
				[J] −20,030
			[w] −1,230	[w] −95
Total Salaries and expenses	BA	**30,664**	**29,479**	**4,605**
	O	27,404	30,384	6,392
Reimbursement to the Rural electrification and telephone revolving fund for interest subsidies and losses 271				
Appropriation, current	BA	**215,964**	**100,000**	....
			[H] −100,000	
Outlays	O	215,964	100,000	....
			[H] −100,000	
Total Reimbursement to the Rural electrification and telephone revolving fund for interest subsidies and losses	BA	**215,964**	....	....
	O	215,964	....	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.				
Rural Electrification Administration—Con.				
Purchase of Rural Telephone Bank capital stock 452				
Appropriation, current	BA	**30,000**	**30,000** [H] **–28,710** [W] **–1,290**	....
Outlays	0	30,000	30,000 [H] –28,710 [W] –1,290	....
Total Purchase of Rural Telephone Bank capital stock	BA	**30,000**	....	....
	0	30,000	....	....
Public Enterprise Funds:				
Rural communication development fund 452				
Appropriation, current	BA	**841**	**1,196**	**1,591**
Authority to borrow, permanent, indefinite	BA	....	**452**	....
Outlays	0	5,668	3,654	3,292
Total Rural communication development fund	BA	**841**	**1,648**	**1,591**
	0	5,668	3,654	3,292
Rural electrification and telephone revolving fund 271				
Authority to borrow, permanent	BA	**152,504**	....	....
Outlays	0	1,439	....	....
Limitation on direct loan obligations		(1,100,000)	(900,000) [W] (–38,700)	(435,000)
Intragovernmental Funds:				
REA, FFB direct loans 271				
Authority to borrow, current	BA		[W] **–1,462**	[W] **–11,000**
Authority to borrow, permanent, indefinite	BA	**2,062,759**	**2,020,000**	**1,815,000**
Outlays	0	1,088,363	720,000 [W] –1,462	1,315,000 [W] –11,000
Limitation on direct loan obligations		(1,325,000)	(975,000) [W] (–41,925)	(225,000)
Total REA, FFB direct loans	BA	**2,062,759**	**2,018,538**	**1,804,000**
	0	1,088,363	718,538	1,304,000
REA, FFB loan asset purchases 271				
Authority to borrow, current, indefinite	BA			[J] **–75,900**
Authority to borrow, permanent, indefinite	BA	**378,600**	**326,800**	**75,900**
Outlays	0	187,600	326,800	75,900 [J] –75,900
Total REA, FFB loan asset purchases	BA	**378,600**	**326,800**	....
	0	187,600	326,800	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Rural Electrification Administration—Con.					
Public Enterprise Funds:					
Rural telephone bank	452				
Authority to borrow, current, indefinite........		BA		**[w] −7,955**	
Authority to borrow, permanent, indefinite........		BA	**97,625**	**109,463**	**56,357**
Outlays........		0	−7,660	36,583	−20,622
				[w] −1,236	[w] −1,511
Limitation on direct loan obligations........			(185,000)	(185,000)	(139,000)
				[w] (−7,955)	
Total Rural telephone bank........		BA	**97,625**	**101,508**	**56,357**
		0	−7,660	35,347	−22,133
Total Federal funds Rural Electrification Administration........		BA	**2,968,957**	**2,477,973**	**1,866,553**
		0	1,548,778	1,114,723	1,291,551
Farmers Home Administration					
Federal funds					
General and Special Funds:					
Rural water and waste disposal grants	452				
Appropriation, current........		BA	**115,000**	**114,310**	....
				[w] −4,915	
Outlays........		0	175,882	183,239	162,964
				[w] −98	[w] −737
Total Rural water and waste disposal grants........		BA	**115,000**	**109,395**	....
		0	175,882	183,141	162,227
Salaries and expenses	452				
Appropriation, current........		BA	**352,297**	**373,945**	**382,639**
				[w] −16,041	
Outlays........		0	339,554	373,314	381,955
				[w] −14,918	[w] −1,123
Total Salaries and expenses........		BA	**352,297**	**357,904**	**382,639**
		0	339,554	358,396	380,832
Rural community fire protection grants	452				
Appropriation, current........		BA	**3,250**	**3,230**	....
				[w] −139	
Outlays........		0	3,073	3,441	2,339
				[w] −63	[w] −7
Total Rural community fire protection grants........		BA	**3,250**	**3,091**	....
		0	3,073	3,378	2,332
Rural housing for domestic farm labor	604				
Appropriation, current........		BA	....	**9,940**	....
				[w] −427	
Outlays........		0	2,905	10,246	11,937
				[w] −17	[w] −107
Total Rural housing for domestic farm labor........		BA	....	**9,513**	....
		0	2,905	10,229	11,830

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Farmers Home Administration—Con.					
Mutual and self-help housing	604				
Appropriation, current		BA	**8,000**	**7,952**	.....
				[w] −342	
Outlays		0	7,569	6,625	7,717
				[w] −27	[w] −137
Total Mutual and self-help housing		BA	**8,000**	**7,610**	.....
		0	7,569	6,598	7,580
Very low income housing repair grants	604				
Appropriation, current		BA	**12,500**	**12,425**	.....
				[w] −534	
Outlays		0	12,035	12,128	621
				[w] −510	[w] −24
Total Very low income housing repair grants		BA	**12,500**	**11,891**	.....
		0	12,035	11,618	597
Rural rental assistance payments	604				
Appropriation, current		BA	**52,250**	.....	.....
Outlays		0	835	10,583	17,742
Compensation for construction defects	371				
Appropriation, current		BA	**1,000**	**745**	.....
				[w] −32	
Outlays		0	390	879	.....
				[w] −32	
Total Compensation for construction defects		BA	**1,000**	**713**	.....
		0	390	847	.....
Rural housing preservation grants	604				
Appropriation, current		BA	**5,000**	.....	.....
				[w] −860	
Reappropriation		BA	.....	**20,000**	.....
Outlays		0	.....	1,000	8,000
				[w] −65	[w] −344
Total Rural housing preservation grants		BA	**5,000**	**19,140**	.....
		0	.....	935	7,656
Miscellaneous expiring appropriations:					
(Area and regional development)	452				
(Outlays)		0	1,283	1,695	.....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Farmers Home Administration—Con.					
Public Enterprise Funds:					
Agricultural credit insurance fund	351				
Appropriation, current		BA	**1,089,943**	**1,083,403**	**2,440,203**
Indefinite		BA		[w] **−65,446**	[w] **3,830**
Authority to borrow, current, indefinite		BA			[j] **−536,875**
Authority to borrow, permanent, indefinite		BA	**1,890,944**	**1,004,275**	**394,040**
Outlays		O	2,782,291	2,131,086	2,369,574
					[j] −489,295
				[w] −5,160	[w] −1,278
Limitation on administrative expenses (P.L. 99-177)			....	(75,769)	....
				[w] (−3,258)	
Limitation on direct loan obligations			(4,292,000)	(3,342,000)	(2,200,000)
					[j] (−700,000)
				[w] (−143,706)	
Limitation on guaranteed loan commitments			(1,246,000)	(1,956,000)	(2,500,000)
				[w] (−84,108)	
Total Agricultural credit insurance fund		BA	**2,980,887**	**2,022,232**	**2,301,198**
		O	2,782,291	2,125,926	1,879,001
Intragovernmental Funds:					
Agricultural credit insurance fund, FFB loan asset purchases	351				
Authority to borrow, current		BA		[w] **−83,420**	
Indefinite		BA			[j] **−165,705**
Authority to borrow, permanent, indefinite		BA	**6,815,000**	**2,255,130**	**165,705**
Outlays		O	2,658,000	1,005,130	−219,295
					[j] −165,705
				[w] −83,420	[w] 3,144
Total Agricultural credit insurance fund, FFB loan asset purchases		BA	**6,815,000**	**2,171,710**	....
		O	2,658,000	921,710	−381,856
Public Enterprise Funds:					
Self-help housing land development fund	371				
Outlays		O	−8	292	295

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.				
Farmers Home Administration—Con.				
Rural housing insurance fund 371				
Appropriation, current	BA	**1,843,927**	**1,832,863** [H] **−351,476** [W] **−49,914**	**2,714,566** [W] **−1,200**
Indefinite	BA	**103,810**	**163,420**	**151,868**
Authority to borrow, permanent, indefinite	BA	**574,142**	**668,676**	....
Outlays	O	2,385,364	2,941,759 [H] −16,100 [W] −268	2,075,926 [H] −229,712 [W] −30,700
Limitation on administrative expenses (P.L. 99-177)		....	(49,268) [W] (−9,611)	....
Limitation on direct loan obligations		(3,238,000)	(2,127,600) [A] (−700,000) [W] (−91,487)	....
Total Rural housing insurance fund	BA	**2,521,879**	**2,263,569**	**2,865,234**
	O	2,385,364	2,925,391	1,815,514
Intragovernmental Funds:				
Rural housing insurance fund, FFB loan asset purchases 371				
Authority to borrow, current, indefinite	BA		[H] **−361,000** [W] **−49,000**	
Authority to borrow, permanent, indefinite	BA	**3,695,000**	**801,000**	....
Outlays	O	1,585,000	801,000 [H] −361,000 [W] −49,000	−150,000
Total Rural housing insurance fund, FFB loan asset purchases	BA	**3,695,000**	**391,000**	....
	O	1,585,000	391,000	−150,000
Public Enterprise Funds:				
Rural development insurance fund 452				
Appropriation, current	BA	**560,005**	**556,645**	**736,619**
Authority to borrow, current	BA		[W] **−18,290**	[W] **2,911**
Authority to borrow, permanent, indefinite	BA	**159,807**	**256,822**	....
Outlays	O	724,014	761,751 [W] −18	1,001,168 [W] −11
Limitation on direct loan obligations		(455,000)	(440,000) [W] (−18,920)	....
Limitation on guaranteed loan commitments		(150,000)	(100,000) [W] (−4,300)	....
Total Rural development insurance fund	BA	**719,812**	**795,177**	**739,530**
	O	724,014	761,733	1,001,157

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Farmers Home Administration—Con.					
Intragovernmental Funds:					
Rural development insurance fund, FFB loan asset purchases	452				
Authority to borrow, current, indefinite		BA		**[w] −679**	
Authority to borrow, permanent, indefinite		BA	**1,010,000**	**343,978**	....
Outlays		0	415,000	313,978 [w] −679	....
Total Rural development insurance fund, FFB loan asset purchases		BA 0	**1,010,000** 415,000	**343,299** 313,299	....
Public Enterprise Funds:					
Rural development loan fund	452				
Outlays		0	−471	−400	−424
Total Federal funds Farmers Home Administration		BA 0	**18,291,875** 11,092,716	**8,506,244** 8,026,371	**6,288,601** 4,754,483
Soil Conservation Service					
Federal funds					
General and Special Funds:					
Conservation operations	302				
Appropriation, current		BA	**364,920**	**364,289** **[w] −15,620**	**361,996**
Outlays		0	367,884	361,681 [w] −14,970	361,469 [w] −1,249
Total Conservation operations		BA 0	**364,920** 367,884	**348,669** 346,711	**361,996** 360,220
River basin surveys and investigations	301				
Appropriation, current		BA	**14,906**	**14,817** **[w] −637**	**9,472**
Outlays		0	15,361	15,220 [w] −612	9,794 [w] −39
Total River basin surveys and investigations		BA 0	**14,906** 15,361	**14,180** 14,608	**9,472** 9,755
Watershed planning	301				
Appropriation, current		BA	**8,922**	**8,868** **[w] −381**	**6,480**
Outlays		0	8,515	9,777 [w] −377	6,623 [w] −36
Total Watershed planning		BA 0	**8,922** 8,515	**8,487** 9,400	**6,480** 6,587

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Soil Conservation Service—Con.					
Watershed and flood prevention operations	301				
Appropriation, current		BA	**183,843**	**230,692** [H] **−60,401** [W] **−9,920**	**67,778**
Outlays		0	248,904	243,487 [H] −18,120 [W] −7,031	216,592 [H] −27,180 [W] −3,234
Total Watershed and flood prevention operations		BA	**183,843**	**160,371**	**67,778**
		0	248,904	218,336	186,178
Great plains conservation program	302				
Appropriation, current		BA	**21,531**	**21,402** [H] **−6,606** [W] **−920**	...
Outlays		0	20,954	21,518 [W] −417	11,854 [H] −1,580 [W] −230
Total Great plains conservation program		BA	**21,531**	**13,876**	...
		0	20,954	21,101	10,044
Resource conservation and development	302				
Appropriation, current		BA	**26,320**	**26,162** [W] **−1,125**	**11,400**
Outlays		0	27,050	27,796 [W] −758	22,849 [W] −452
Total Resource conservation and development		BA	**26,320**	**25,037**	**11,400**
		0	27,050	27,038	22,397
Trust funds					
Miscellaneous contributed funds:					
(Water resources)	301				
(Appropriation, permanent, indefinite)		BA	**331**	**460**	**460**
(Outlays)		0	1,706	2,060	1,769
(Conservation and land management)	302				
(Appropriation, permanent, indefinite)		BA	**100**	**100**	**100**
(Outlays)		0	100	100	100
Total Miscellaneous contributed funds		BA	**431**	**560**	**560**
		0	1,806	2,160	1,869
Total Federal funds Soil Conservation Service		BA	**620,442**	**570,620**	**457,126**
		0	688,668	637,194	595,181
Total Trust funds Soil Conservation Service		BA	**431**	**560**	**560**
		0	1,806	2,160	1,869

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Animal and Plant Health Inspection Service					
Federal funds					
General and Special Funds:					
Salaries and expenses	352				
Appropriation, current		BA	**298,557**	**314,388**	**253,156**
					[J] –20,856
				[W] –13,519	
Outlays		O	297,685	314,388	253,156
					[J] –20,856
				[W] –11,958	[W] –1,942
Total Salaries and expenses		BA	**298,557**	**300,869**	**232,300**
		O	297,685	302,430	230,358
Buildings and facilities	352				
Appropriation, current		BA	**2,361**	**4,236**	**2,347**
				[W] –182	
Outlays		O	3,397	5,240	4,416
					[W] –182
Total Buildings and facilities		BA	**2,361**	**4,054**	**2,347**
		O	3,397	5,240	4,234
Trust funds					
Miscellaneous trust funds	352				
Appropriation, permanent, indefinite		BA	**5,103**	**4,735**	**4,735**
Outlays		O	4,273	3,977	4,735
				[W] –65	[W] –35
Total Miscellaneous trust funds		BA	**5,103**	**4,735**	**4,735**
		O	4,273	3,912	4,700
Total Federal funds Animal and Plant Health Inspection Service		BA	**300,918**	**304,923**	**234,647**
		O	301,082	307,670	234,592
Total Trust funds Animal and Plant Health Inspection Service		BA	**5,103**	**4,735**	**4,735**
		O	4,273	3,912	4,700
Federal Grain Inspection Service					
Federal funds					
General and Special Funds:					
Salaries and expenses	352				
Appropriation, current		BA	**6,994**	**7,003**	**6,979**
					[J] –6,979
				[W] –301	
Outlays		O	6,480	7,003	6,979
					[J] –6,979
				[W] –251	[W] –50
Total Salaries and expenses		BA	**6,994**	**6,702**	....
		O	6,480	6,752	–50

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.				
Federal Grain Inspection Service—Con.				
Public Enterprise Funds:				
Inspection and weighing services 352				
Outlays	O	−893	....	....
			[w] −1,585	
Total Inspection and weighing services	O	−893	−1,585	....
Total Federal funds Federal Grain Inspection Service	BA	**6,994**	**6,702**	....
	O	5,587	5,167	−50
Agricultural Marketing Service				
Federal funds				
General and Special Funds:				
Marketing services 352				
Appropriation, current	BA	**30,916**	**31,887**	**31,053**
				[j] **−26,710**
			[w] **−1,371**	
Outlays	O	21,970	34,887	31,053
				[j] −26,710
			[w] −1,918	[w] −676
Total Marketing services	BA	**30,916**	**30,516**	**4,343**
	O	21,970	32,969	3,667
Payments to States and possessions 352				
Appropriation, current	BA	**990**	**984**	....
			[w] **−42**	
Outlays	O	960	1,828	....
			[w] −1	[w] −41
Total Payments to States and possessions	BA	**990**	**942**	....
	O	960	1,827	−41
Perishable Agricultural Commodities Act fund 352				
Appropriation, permanent, indefinite	BA	**3,403**	**3,356**	**3,356**
Outlays	O	3,497	3,356	3,356
			[w] −102	[w] −42
Total Perishable Agricultural Commodities Act fund	BA	**3,403**	**3,356**	**3,356**
	O	3,497	3,254	3,314
Funds for strengthening markets, income, and supply (section 32) 605				
Appropriation, permanent, indefinite	BA	**487,263**	**376,723**	**420,077**
Outlays	O	476,285	386,974	360,147
				[j] −5,937
			[w] −8,991	[w] −7,208
Total Funds for strengthening markets, income, and supply (section 32)	BA	**487,263**	**376,723**	**420,077**
	O	476,285	377,983	347,002

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Agricultural Marketing Service—Con.					
Trust funds					
Miscellaneous trust funds	352				
Appropriation, permanent, indefinite		BA	**79,231**	**78,378**	**78,378**
Outlays		O	97,129	86,417	78,378
				[w] −2,982	[w] −207
Total Miscellaneous trust funds		BA	**79,231**	**78,378**	**78,378**
		O	97,129	83,435	78,171
Milk market orders assessment fund	351				
Outlays		O	590	500	....
				[w] −1,445	
Total Milk market orders assessment fund		O	590	−945	....
Total Federal funds Agricultural Marketing Service		BA	**522,572**	**411,537**	**427,776**
		O	502,712	416,033	353,942
Total Trust funds Agricultural Marketing Service		BA	**79,231**	**78,378**	**78,378**
		O	97,719	82,490	78,171
Office of Transportation					
Federal funds					
General and Special Funds:					
Office of Transportation	352				
Appropriation, current		BA	**2,843**	**2,451**	**1,233**
				[w] −105	
Outlays		O	2,548	2,451	1,233
				[w] −86	[w] −19
Total Office of Transportation		BA	**2,843**	**2,346**	**1,233**
		O	2,548	2,365	1,214
Food Safety and Inspection Service					
Federal funds					
General and Special Funds:					
Salaries and expenses	554				
Appropriation, current		BA	**364,635**	**362,079**	**365,841**
					[j] −365,841
				[w] −15,569	
Outlays		O	359,040	362,079	365,841
					[j] −365,841
				[w] −16,223	[w] −1,027
Total Salaries and expenses		BA	**364,635**	**346,510**	....
		O	359,040	345,856	−1,027

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.				
Food Safety and Inspection Service—Con.				
Trust funds				
Expenses and refunds, inspection and grading of farm products 352				
Appropriation, permanent, indefinite	BA	**686**	**825**	**825**
Outlays	O	866	825 [w] −33	825 [w] −2
Total Expenses and refunds, inspection and grading of farm products	BA	**686**	**825**	**825**
	O	866	792	823
Food and Nutrition Service				
Federal funds				
General and Special Funds:				
Food program administration 605				
Appropriation, current	BA	**84,187**	**82,007** [w] **−3,526**	**86,100**
Outlays	O	83,238	82,704 [w] −3,244	85,750 [w] −282
Total Food program administration	BA	**84,187**	**78,481**	**86,100**
	O	83,238	79,460	85,468
Food stamp program 605				
Appropriation, current	BA	**11,751,527**	**11,833,884** [L] **−69,000** [w] **−2,568**	**11,831,915** [L] **−313,336**
Outlays	O	11,701,174	11,737,366 [L] −68,993 [w] −1,160	11,819,749 [L] −314,770 [w] −1,408
Total Food stamp program	BA	**11,751,527**	**11,762,316**	**11,518,579**
	O	11,701,174	11,667,213	11,503,571
Nutrition assistance for Puerto Rico 605				
Appropriation, current	BA	**825,000**	**820,050**	**825,000**
Outlays	O	824,564	820,366	825,000
Special milk program 605				
Appropriation, current	BA	**17,600**	**11,500**	....
Outlays	O	15,993	13,890	4,232
Child nutrition programs 605				
Appropriation, current	BA	**1,474,861**	**601,599**	**1,005,694** [L] **−775,281**
			[w] **−144**	
Appropriation, permanent	BA	**2,329,819**	**3,271,592**	**3,227,923**
Outlays	O	3,664,561	3,866,689 [w] −141	4,197,574 [L] −697,753 [w] −3
Total Child nutrition programs	BA	**3,804,680**	**3,873,047**	**3,458,336**
	O	3,664,561	3,866,548	3,499,818

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Agriculture—Con.

Food and Nutrition Service—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Special supplemental food program for women, infants and children (WIC)	605				
Appropriation, current		BA	**1,500,000**	**1,560,580** [W] **−86**	**1,617,000**
Outlays		0	1,494,735	1,581,295 [W] −86	1,612,525
Total Special supplemental food program for women, infants and children (WIC)		BA	**1,500,000**	**1,560,494**	**1,617,000**
		0	1,494,735	1,581,209	1,612,525
Commodity supplemental food program	605				
Appropriation, current		BA	**24,918**	**36,777**	**38,605**
Outlays		0	43,162	37,178	38,577
Cash and commodities for selected groups	605				
Appropriation, current		BA	**139,546**	**193,405** [H] **−5,183** [W] **−8,316**	**187,300**
Outlays		0	166,718	209,518 [H] −4,697 [W] −6,856	179,421 [H] −486 [W] −1,460
Total Cash and commodities for selected groups		BA	**139,546**	**179,906**	**187,300**
		0	166,718	197,965	177,475
Total Federal funds Food and Nutrition Service		BA	**18,147,458**	**18,322,571**	**17,730,920**
		0	17,994,145	18,263,829	17,746,666

Human Nutrition Information Service

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	352				
Appropriation, current		BA	**7,533**	**13,481** [W] **−580**	**6,876**
Outlays		0	7,182	10,882 [W] −250	6,876 [W] −330
Total Salaries and expenses		BA	**7,533**	**12,901**	**6,876**
		0	7,182	10,632	6,546

Packers and Stockyards Administration

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Packers and Stockyards Administration	352				
Appropriation, current		BA	**9,035**	**9,146** [W] **−393**	**9,093** [J] **−9,093**
Outlays		0	8,656	9,146 [W] −353	9,093 [J] −9,093 [W] −40
Total Packers and Stockyards Administration		BA	**9,035**	**8,753**	....
		0	8,656	8,793	−40

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Agricultural Cooperative Service					
Federal funds					
General and Special Funds:					
Salaries and expenses	352				
Appropriation, current		BA	**4,675**	**4,685**	**3,698**
					[J] **−3,698**
				[W] **−201**	
Outlays		0	4,323	4,685	3,698
					[J] −3,698
				[W] −116	[W] −85
Total Salaries and expenses		BA	**4,675**	**4,484**	....
		0	4,323	4,569	−85
Forest Service					
Federal funds					
General and Special Funds:					
Forest research	302				
Appropriation, current		BA	**113,826**	**125,525**	**111,481**
				[W] **−5,398**	
Outlays		0	113,069	122,979	114,453
				[W] −4,152	[W] −1,267
Total Forest research		BA	**113,826**	**120,127**	**111,481**
		0	113,069	118,827	113,186
State and private forestry	302				
Appropriation, current		BA	**58,292**	**57,638**	**24,871**
				[W] **−2,478**	
Outlays		0	57,483	57,761	30,133
				[W] −2,151	[W] −337
Total State and private forestry		BA	**58,292**	**55,160**	**24,871**
		0	57,483	55,610	29,796
National forest system	302				
Appropriation, current		BA	**1,111,548**	**1,048,301**	**889,488**
				[A] **165,700**	
					[J] **5,000**
				[W] **−45,077**	
Outlays		0	1,063,174	1,080,315	914,610
				[A] 165,700	
					[J] 4,000
				[W] −39,068	[W] −6,009
Total National forest system		BA	**1,111,548**	**1,168,924**	**894,488**
		0	1,063,174	1,206,947	912,601
Construction	302				
Appropriation, current		BA	**111,794**	**222,522**	**195,197**
				[W] **−9,568**	
Outlays		0	273,223	240,119	208,765
				[W] −5,665	[W] −3,243
Total Construction		BA	**111,794**	**212,954**	**195,197**
		0	273,223	234,454	205,522

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.				
Forest Service—Con.				
Other appropriations 302				
Outlays	O	412	948	....
Operation and maintenance of recreation facilities 302				
Appropriation, current	BA			[j] **52,0**
Outlays	O			[j] 39,0
Acquisition of lands for national forests, special acts 302				
Appropriation, current	BA	**706**	**777** [w] **–33**	**9**
Outlays	O	544	776 [w] –30	9 [w] –
Total Acquisition of lands for national forests, special acts	BA	**706**	**744**	**9**
	O	544	746	9
Acquisition of lands to complete land exchanges 302				
Appropriation, current, indefinite	BA	**42**	**20**	**8**
Outlays	O	6	20 [w] –1	8
Total Acquisition of lands to complete land exchanges	BA	**42**	**20**	**8**
	O	6	19	8
Range betterment fund 302				
Appropriation, current, indefinite	BA	**3,966**	**3,798**	**3,8**
Outlays	O	3,920	3,832 [w] –131	3,8 [w] –
Total Range betterment fund	BA	**3,966**	**3,798**	**3,8**
	O	3,920	3,701	3,7
Land acquisition 303				
Appropriation, current	BA	**50,535**	**28,130** [w] **–1,210**	**3,2**
Outlays	O	42,288	40,527 [w] –484	31,7 [w] –6
Total Land acquisition	BA	**50,535**	**26,920**	**3,2**
	O	42,288	40,043	31,1
Operations and maintenance of quarters 302				
Appropriation, permanent, indefinite	BA	**4,854**	**5,100**	**5,4**
Outlays	O	3,232	5,051 [w] –175	5,3 [w] –
Total Operations and maintenance of quarters	BA	**4,854**	**5,100**	**5,4**
	O	3,232	4,876	5,2

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Agriculture—Con.

Forest Service—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Forest Service permanent appropriations	302				
Appropriation, permanent, indefinite		BA	**153,080**	**146,939**	**129,997**
Outlays		0	102,916	150,371	135,189
				[w] −4,827	[w] −1,493
Total Forest Service permanent appropriations		BA	**153,080**	**146,939**	**129,997**
		0	102,916	145,544	133,696
Forest Service permanent appropriations	852				
Appropriation, current, indefinite		BA			[j] **−224,816**
Appropriation, permanent, indefinite		BA	**235,699**	**227,618**	**309,706**
Outlays		0	235,699	227,618	309,706
					[j] −224,816
				[w] −9,788	
Total Forest Service permanent appropriations		BA	**235,699**	**227,618**	**84,890**
		0	235,699	217,830	84,890
Intragovernmental Funds:					
Working capital fund	302				
Outlays		0	−17,584	....	....
Trust funds					
Miscellaneous trust funds:					
(Conservation and land management)	302				
(Appropriation, current)		BA	**35**	**89**	**90**
				[w] **−4**	
(Appropriation, permanent, indefinite)		BA	**234,625**	**155,091**	**197,616**
(Outlays)		0	285,127	167,170	190,872
				[w] −4,426	[w] −767
Total (Conservation and land management)		BA	**234,660**	**155,176**	**197,706**
		0	285,127	162,744	190,105
(Ground transportation)	401				
(Outlays)		0	20	89	90
				[w] −4	
Total (Ground transportation)		0	20	85	90
Total Miscellaneous trust funds		BA	**234,660**	**155,176**	**197,706**
		0	285,147	162,829	190,195
Reforestation trust fund	302				
Appropriation, permanent, indefinite		BA	**37,405**	**30,000**	**30,000**
Outlays		0	78,556	34,749	30,000
				[w] −1,032	[w] −258
Total Reforestation trust fund		BA	**37,405**	**30,000**	**30,000**
		0	78,556	33,717	29,742
Total Federal funds Forest Service		BA	**1,844,342**	**1,968,304**	**1,507,191**
		0	1,878,382	2,029,545	1,560,831
Total Trust funds Forest Service		BA	**272,065**	**185,176**	**227,706**
		0	363,703	196,546	219,937

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Agriculture—Con.					
Summary					
Federal funds:					
(As shown in detail above)		BA	**62,587,177**	**57,732,948**	**46,716,974**
		0	56,083,404	55,196,705	45,561,637
Deductions for offsetting receipts:					
Intrafund transactions	302	BA 0	*−423*	....	....
Proprietary receipts from the public	302	BA 0	*−707,957*	*−1,048,862*	*−909,748*
	303	BA 0	....	....	*−52,000*
Total Federal funds		BA	**61,878,797**	**56,684,086**	**45,755,226**
		0	55,375,024	54,147,843	44,599,889
Trust funds:					
(As shown in detail above)		BA	**364,264**	**275,238**	**317,817**
		0	474,368	291,517	311,113
Deductions for offsetting receipts:					
Proprietary receipts from the public	302	BA 0	*−234,625*	*−155,091*	*−197,616*
	352	BA 0	*−91,986*	*−89,915*	*−90,010*
Total Trust funds		BA	**37,653**	**30,232**	**30,191**
		0	147,757	46,511	23,487
Total Department of Agriculture		BA	**61,916,450**	**56,714,318**	**45,785,417**
		0	55,522,781	54,194,354	44,623,376
Department of Commerce					
General Administration					
Federal funds					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current		BA	**36,483**	**32,300** [w] **−1,389**	**39,250**
Outlays		0	33,489	38,079 [w] −1,530	38,311 [w] −58
Total Salaries and expenses		BA	**36,483**	**30,911**	**39,250**
		0	33,489	36,549	38,253
White House conference on productivity	376				
Outlays		0	....	16	....
Special foreign currency program	376				
Appropriation, current		BA	**500**	....	....
Outlays		0	134	596	596

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Commerce—Con.					
General Administration—Con.					
Grants and loans administration	452				
Appropriation, current		BA	**28,380**	**26,000** **[A] 40,000** **[W] −1,118**	....
Reappropriation		BA		**[A] 40,000**	
Outlays		0	27,067	26,218 [W] −983	3,120 [A] 19,000 [W] −135
Total Grants and loans administration		BA	**28,380**	**104,882**	....
		0	27,067	25,235	21,985
Economic development assistance programs	452				
Appropriation, current		BA	**230,730**	**183,500** **[A] −40,000** **[H] −101,309** **[W] −7,891**	....
Outlays		0	262,590	245,287 [A] −4,000 [H] −10,131 [W] −789	213,210 [A] −8,000 [H] −20,262 [W] −1,578
Limitation on guaranteed loan commitments			(167,000)	(187,500) [A] (−149,027) [W] (−8,063)	....
Total Economic development assistance programs		BA	**230,730**	**34,300**	....
		0	262,590	230,367	183,370
Miscellaneous appropriations:					
(Other advancement of commerce)	376				
(Outlays)		0	336	10	10,325 [H] −6,490
Total (Other advancement of commerce)		0	336	10	3,835
(Area and regional development)	452				
(Outlays)		0	2,065	2,865	1,865
(Disaster relief and insurance)	453				
(Outlays)		0	12	....	....
(Research and general education aids)	503				
(Outlays)		0	....	....	23,933 [H] −11,448 [W] −522
Total (Research and general education aids)		0	....	....	11,963
(Training and employment)	504				
(Outlays)		0	139	125	125
Total Miscellaneous appropriations		0	2,552	3,000	17,788
Public Enterprise Funds:					
Economic development revolving fund	452				
Outlays		0	59,278	−33,300	−33,300

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Commerce—Con.					
General Administration—Con.					
Intragovernmental Funds:					
Working capital fund	376				
Outlays		O	−255	−1,471	
Trust funds					
Gifts and bequests	376				
Appropriation, permanent, indefinite		BA	**446**	**209**	**200**
Outlays		O	398	209	200
Total Federal funds General Administration		BA	**296,093**	**170,093**	**39,250**
		O	384,855	260,992	228,692
Total Trust funds General Administration		BA	**446**	**209**	**200**
		O	398	209	200
Bureau of the Census					
Federal funds					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current		BA	**85,259**	**90,400** [w] **−3,887**	**91,675**
Outlays		O	84,269	90,097 [w] −3,976	91,619 [w] −427
Total Salaries and expenses		BA	**85,259**	**86,513**	**91,675**
		O	84,269	86,121	91,192
Periodic censuses and programs	376				
Appropriation, current		BA	**81,000**	**105,600** [w] **−4,541**	**185,555**
Outlays		O	91,851	97,617 [w] −3,010	155,966 [w] −1,531
Total Periodic censuses and programs		BA	**81,000**	**101,059**	**185,555**
		O	91,851	94,607	154,435
Total Federal funds Bureau of the Census		BA	**166,259**	**187,572**	**277,230**
		O	176,120	180,728	245,627
Economic and Statistical Analysis					
Federal funds					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current		BA	**30,652**	**30,500** [w] **−1,312**	**29,052** [K] **1,953**
Outlays		O	36,292	29,641 [w] −1,210	30,932 [w] −118
Total Salaries and expenses		BA	**30,652**	**29,188**	**31,005**
		O	36,292	28,431	30,814

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Commerce—Con.				
Economic and Statistical Analysis—Con.				
Trust funds				
Information products and services 376				
Appropriation, permanent, indefinite	BA	**30,914**	**35,000**	**36,639**
Outlays	0	32,943	35,000	36,639
			[W] −1,297	
Total Information products and services	BA	**30,914**	**35,000**	**36,639**
	0	32,943	33,703	36,639
Economic Development Assistance				
Regional Development Program				
Federal funds				
General and Special Funds:				
Regional development programs 452				
Outlays	0	9,932	2,400	598
Trust funds				
Regional development commissions 452				
Outlays	0	395	200	....
Promotion of Industry and Commerce				
International Trade Administration				
Federal funds				
General and Special Funds:				
Operations and administration 376				
Appropriation, current	BA	**189,635**	**192,000**	**177,263**
				[K] 1,907
			[H] −10,180	
			[W] −8,256	
Outlays	0	181,910	177,524	178,440
			[H] −11,290	
			[W] −6,218	[W] −2,435
Limitation on direct loan obligations		(6,500)	(8,100)	....
			[A] (−6,792)	
			[H] (−6,792)	
			[W] (−348)	
Limitation on guaranteed loan commitments		(16,667)	(7,500)	....
			[A] (−7,177)	
			[H] (−7,177)	
			[W] (−323)	
Total Operations and administration	BA	**189,635**	**173,564**	**179,170**
	0	181,910	160,016	176,005
Participation in United States expositions 376				
Outlays	0	1,449	1,216	....
Total Federal funds International Trade Administration	BA	**189,635**	**173,564**	**179,170**
	0	183,359	161,232	176,005

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Commerce—Con.

Promotion of Industry and Commerce—Con.

Minority Business Development Agency

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Minority business development	376				
Appropriation, current		BA	**49,580**	**45,000** [W] **−1,935**	**45,369** [J] **11,406**
Outlays		0	54,313	51,789 [W] −581	44,930 [J] 11,064 [W] −1,354
Total Minority business development		BA	**49,580**	**43,065**	**56,775**
		0	54,313	51,208	54,640

United States Travel and Tourism Administration

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current		BA	**11,532**	**12,000** [W] **−516**	**4,023**
Outlays		0	10,938	13,914 [W] −427	7,767 [W] −129
Total Salaries and expenses		BA	**11,532**	**11,484**	**4,023**
		0	10,938	13,487	7,638
Total Federal funds Promotion of Industry and Commerce		BA	**250,747**	**228,113**	**239,968**
		0	248,610	225,927	238,283

Science and Technology

National Oceanic and Atmospheric Administration

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Operations, research, and facilities	306				
Appropriation, current		BA	**1,244,026**	**1,136,699** [H] **−63,323** [W] **−50,360**	**730,734** [K] **105,745**
Appropriation, permanent, indefinite		BA	**25,900**	**35,700**	**46,000**
Outlays		0	960,515	1,137,086 [H] −39,163 [W] −34,216	1,070,241 [H] −19,582 [W] −11,838
Total Operations, research, and facilities		BA	**1,269,926**	**1,058,716**	**882,479**
		0	960,515	1,063,707	1,038,821
Construction	306				
Outlays		0	2,504	1,212	....
Coastal zone management	302				
Outlays		0	26,647	....	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Commerce—Con.				
Science and Technology—Con.				
National Oceanic and Atmospheric Administration—Con.				
Promote and develop fishery products and research pertaining to American fisheries 376				
Appropriation, permanent, indefinite	BA	**9,051**	**8,007**	....
Outlays	O	9,945	14,657	8,891
			[w] −214	[w] −130
Total Promote and develop fishery products and research pertaining to American fisheries	BA	**9,051**	**8,007**	....
	O	9,945	14,443	8,761
Fishing vessel and gear damage compensation fund 376				
Outlays	O	577	3,797	3,000
				[J] −3,000
			[w] −10	
Total Fishing vessel and gear damage compensation fund	O	577	3,787	....
Fishermen's contingency fund 376				
Appropriation, current	BA	**750**	**750**	....
			[w] −32	
Outlays	O	568	750	....
			[w] −35	
Total Fishermen's contingency fund	BA	**750**	**718**	....
	O	568	715	....
Foreign fishing observer fund 376				
Appropriation, current	BA	**4,500**	**4,500**	**2,000**
			[w] −194	
Outlays	O	6,011	5,691	1,966
			[w] −190	[w] −4
Total Foreign fishing observer fund	BA	**4,500**	**4,306**	**2,000**
	O	6,011	5,501	1,962
Fisheries loan fund 376				
Appropriation, current	BA	**2,500**	....	....
Outlays	O	3,882	378	....
Fishermen's guaranty fund 376				
Appropriation, current	BA	**3,976**	**3,000**	**1,800**
				[J] −1,800
			[w] −129	
Outlays	O	5,487	3,129	1,800
				[J] −1,800
			[w] −129	
Total Fishermen's guaranty fund	BA	**3,976**	**2,871**	....
	O	5,487	3,000	....
Public Enterprise Funds:				
Coastal energy impact fund 452				
Outlays	O	−4,884	−5,000	−5,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Commerce—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Science and Technology—Con.				
National Oceanic and Atmospheric Administration—Con.				
Federal ship financing fund, fishing vessels 376				
Appropriation, current	BA	**6,397**	....	....
Authority to borrow, current, indefinite	BA	**2,300**	....	....
Outlays	O	7,406	−4,700 [w] −54	....
Limitation on guaranteed loan commitments (P.L. 99-177)		....	(35,000) [w] (−1,505)	....
Total Federal ship financing fund, fishing vessels	BA	**8,697**	....	....
	O	7,406	−4,754	....
Trust funds				
Aviation weather services program 306				
Appropriation, current	BA	**27,000**	**28,000** [w] **−1,204**	**77,500**
Outlays	O	27,000	28,000 [w] −1,011	77,500 [w] −193
Total Aviation weather services program	BA	**27,000**	**26,796**	**77,500**
	O	27,000	26,989	77,307
Total Federal funds National Oceanic and Atmospheric Administration	BA	**1,299,400**	**1,074,618**	**884,479**
	O	1,018,658	1,082,989	1,044,544
Total Trust funds National Oceanic and Atmospheric Administration	BA	**27,000**	**26,796**	**77,500**
	O	27,000	26,989	77,307
Patent and Trademark Office				
Federal funds				
General and Special Funds:				
Salaries and expenses 376				
Appropriation, current	BA	**100,159**	**84,700** [w] **−3,642**	.... [K] **109,632**
Outlays	O	96,191	106,325 [w] −7,685	103,536 [w] −1,095
Total Salaries and expenses	BA	**100,159**	**81,058**	**109,632**
	O	96,191	98,640	102,441

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Commerce—Con.					
Science and Technology—Con.					
National Bureau of Standards					
Federal funds					
General and Special Funds:					
Scientific and technical research and services	376				
Appropriation, current		BA	**119,721**	**121,883**	....
					[K] **121,809**
				[W] **–5,241**	
Outlays		O	125,484	122,050	122,732
				[W] –4,046	[W] –1,195
Total Scientific and technical research and services		BA	**119,721**	**116,642**	**121,809**
		O	125,484	118,004	121,537
Intragovernmental Funds:					
Working capital fund	376				
Appropriation, current		BA	**3,764**	**2,102**	....
					[K] **2,144**
Outlays		O	4,098	3,510	2,123
Total Working capital fund		BA	**3,764**	**2,102**	**2,144**
		O	4,098	3,510	2,123
Total Federal funds National Bureau of Standards		BA	**123,485**	**118,744**	**123,953**
		O	129,582	121,514	123,660
National Telecommunications and Information Administration					
Federal funds					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current		BA	**13,511**	**13,400**	....
					[K] **13,916**
				[W] **–576**	
Outlays		O	13,400	17,077	14,057
				[W] –447	[W] –129
Total Salaries and expenses		BA	**13,511**	**12,824**	**13,916**
		O	13,400	16,630	13,928

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Commerce—Con.					
Science and Technology—Con.					
National Telecommunications and Information Administration—Con.					
Public telecommunication: facilities, planning and construction	503				
Appropriation, current		BA	**23,968**	**24,000** [H] **−21,820** [W] **−1,032**	....
Outlays		O	19,007	19,947 [H] −2,182 [W] −142	....
Total Public telecommunications facilities, planning and construction		BA	**23,968**	**1,148**	....
		O	19,007	17,623	....
Total Federal funds National Telecommunications and Information Administration		BA	**37,479**	**13,972**	**13,916**
		O	32,407	34,253	13,928
Small Business Administration					
Federal funds					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current		BA			[J] **27,210**
Outlays		O			[J] 26,394
Total Federal funds Science and Technology		BA	**1,560,523**	**1,288,392**	**1,159,190**
		O	1,276,838	1,337,396	1,310,967
Total Trust funds Science and Technology		BA	**27,000**	**26,796**	**77,500**
		O	27,000	26,989	77,307
Summary					
Federal funds:					
(As shown in detail above)		BA	**2,304,274**	**1,903,358**	**1,746,643**
		O	2,132,647	2,035,874	2,054,981
Deductions for offsetting receipts:					
Intrafund transactions	908	BA O	*24,666*	*−13,275*	*−280*
		BA O			[J] *200*
Proprietary receipts from the public	306	BA O	*−59*	*−1,101*	....
		BA O		[J] *−14,400*	[J] *−20,059*
	376	BA O	*−47,341*	*−31,800*	*−36,800*
		BA O			[J] *1,800*
Total Federal funds		BA	**2,281,540**	**1,842,782**	**1,691,504**
		O	2,109,913	1,975,298	1,999,842

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Commerce—Con.

Summary—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Trust funds:					
(As shown in detail above)		BA O	**58,360** 60,736	**62,005** 61,101	**114,339** 114,146
Deductions for offsetting receipts:					
Proprietary receipts from the public	376	BA O	*−25,061*	*−28,385*	*−29,714*
Total Trust funds		BA O	**33,299** 35,675	**33,620** 32,716	**84,625** 84,432
Interfund transactions	376	BA O	**−5,854**	**−6,615**	**−6,925**
Total Department of Commerce		BA O	**2,308,985** 2,139,734	**1,869,787** 2,001,399	**1,769,204** 2,077,349

Department of Defense--Military

Military Personnel

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Military personnel, Army	051				
Appropriation, current		BA	**21,499,134**	**21,078,169** [w] **−74,481**	**22,655,000**
Outlays		O	21,505,823	22,328,408 [w] −73,108	22,554,816 [w] −916
Total Military personnel, Army		BA O	**21,499,134** 21,505,823	**21,003,688** 22,255,300	**22,655,000** 22,553,900
Military personnel, Navy	051				
Appropriation, current		BA	**15,701,274**	**15,917,144** [w] **−41,898**	**17,459,500**
Outlays		O	15,926,376	16,866,611 [w] −41,111	17,358,273 [w] −473
Total Military personnel, Navy		BA O	**15,701,274** 15,926,376	**15,875,246** 16,825,500	**17,459,500** 17,357,800
Military personnel, Marine Corps	051				
Appropriation, current		BA	**4,944,911**	**4,870,016** [w] **−16,072**	**5,333,400**
Outlays		O	4,951,576	5,137,707 [w] −15,607	5,275,135 [w] −235
Total Military personnel, Marine Corps		BA O	**4,944,911** 4,951,576	**4,853,944** 5,122,100	**5,333,400** 5,274,900

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Defense--Military—Con.

Military Personnel—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Military personnel, Air Force	051				
Appropriation, current		BA	**17,857,299**	**17,744,770** [w] **−46,553**	**19,290,500**
Outlays		0	17,960,343	18,915,015 [w] −45,815	19,214,207 [w] −507
Total Military personnel, Air Force		BA	**17,857,299**	**17,698,217**	**19,290,500**
		0	17,960,343	18,869,200	19,213,700
Reserve personnel, Army	051				
Appropriation, current		BA	**2,027,853**	**2,178,564** [w] **−33,370**	**2,432,000**
Outlays		0	1,959,400	2,182,797 [w] −30,797	2,370,838 [w] −1,238
Total Reserve personnel, Army		BA	**2,027,853**	**2,145,194**	**2,432,000**
		0	1,959,400	2,152,000	2,369,600
Reserve personnel, Navy	051				
Appropriation, current		BA	**1,127,012**	**1,267,734** [w] **−3,135**	**1,527,600**
Outlays		0	1,129,792	1,307,693 [w] −2,793	1,492,073 [w] −273
Total Reserve personnel, Navy		BA	**1,127,012**	**1,264,599**	**1,527,600**
		0	1,129,792	1,304,900	1,491,800
Reserve personnel, Marine Corps	051				
Appropriation, current		BA	**270,264**	**272,250** [w] **−1,324**	**314,800**
Outlays		0	251,664	276,576 [w] −1,176	302,292 [w] −92
Total Reserve personnel, Marine Corps		BA	**270,264**	**270,926**	**314,800**
		0	251,664	275,400	302,200
Reserve personnel, Air Force	051				
Appropriation, current		BA	**569,607**	**584,430** [w] **−3,923**	**646,000**
Outlays		0	538,239	582,679 [w] −3,479	621,061 [w] −261
Total Reserve personnel, Air Force		BA	**569,607**	**580,507**	**646,000**
		0	538,239	579,200	620,800
National Guard personnel, Army	051				
Appropriation, current		BA	**2,889,559**	**3,066,568** [w] **−9,750**	**3,485,200**
Outlays		0	2,746,619	3,092,596 [w] −8,796	3,387,664 [w] −564
Total National Guard personnel, Army		BA	**2,889,559**	**3,056,818**	**3,485,200**
		0	2,746,619	3,083,800	3,387,100

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Defense--Military—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Military Personnel—Con.				
National Guard personnel, Air Force 051				
Appropriation, current	BA	**886,110**	**926,716** [H] **−3,919**	**1,058,900**
Outlays	0	872,605	974,073 [H] −3,773	1,038,452 [H] −52
Total National Guard personnel, Air Force	BA	**886,110**	**922,797**	**1,058,900**
	0	872,605	970,300	1,038,400
Total Federal funds Military Personnel	BA	**67,773,023**	**67,671,936**	**74,202,900**
	0	67,842,437	71,437,700	73,610,200
Operation and Maintenance				
Federal funds				
General and Special Funds:				
Operation and maintenance, Army 051				
Appropriation, current	BA	**18,475,244**	**19,097,557** [H] **−929,800**	[A] **21,341,870**
Outlays	0	17,402,409	18,924,343 [H] −720,643	20,159,030 [H] −175,830
Total Operation and maintenance, Army	BA	**18,475,244**	**18,167,757**	**21,341,870**
	0	17,402,409	18,203,700	19,983,200
Operation and maintenance, Navy 051				
Appropriation, current	BA	**25,162,760**	**24,514,719** [H] **−1,199,376**	[A] **25,688,500**
Outlays	0	23,145,978	24,198,418 [H] −864,018	24,924,211 [H] −262,111
Total Operation and maintenance, Navy	BA	**25,162,760**	**23,315,343**	**25,688,500**
	0	23,145,978	23,334,400	24,662,100
Operation and maintenance, Marine Corps 051				
Appropriation, current	BA	**1,640,294**	**1,612,050** [H] **−78,990**	[A] **1,864,100**
Outlays	0	1,562,545	1,586,274 [H] −60,374	1,732,649 [H] −14,149
Total Operation and maintenance, Marine Corps	BA	**1,640,294**	**1,533,060**	**1,864,100**
	0	1,562,545	1,525,900	1,718,500
Operation and maintenance, Air Force 051				
Appropriation, current	BA	**19,141,165**	**19,620,538** [H] **−957,304**	[A] **21,214,500**
Outlays	0	17,639,267	18,805,752 [H] −727,552	20,135,217 [H] −183,617
Total Operation and maintenance, Air Force	BA	**19,141,165**	**18,663,234**	**21,214,500**
	0	17,639,267	18,078,200	19,951,600

See footnotes at end of table

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BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Defense--Military—Con.				
Operation and Maintenance—Con.				
Operation and maintenance, Defense agencies 051				
Appropriation, current	BA	**7,157,299**	**7,600,894**	
				[A] 8,573,700
			[W] −364,196	
Outlays	O	6,972,729	7,457,679	8,212,573
			[W] −316,179	[W] −37,573
Total Operation and maintenance, Defense agencies	BA	**7,157,299**	**7,236,698**	**8,573,700**
	O	6,972,729	7,141,500	8,175,000
Operation and maintenance, Army Reserve 051				
Appropriation, current	BA	**731,736**	**780,100**	
				[A] 793,100
			[W] −38,225	
Outlays	O	723,611	711,125	731,105
			[W] −31,725	[W] −4,205
Total Operation and maintenance, Army Reserve	BA	**731,736**	**741,875**	**793,100**
	O	723,611	679,400	726,900
Operation and maintenance, Navy Reserve 051				
Appropriation, current	BA	**828,581**	**894,950**	
				[A] 975,900
			[W] −43,853	
Outlays	O	695,574	830,212	907,010
			[W] −29,412	[W] −11,810
Total Operation and maintenance, Navy Reserve	BA	**828,581**	**851,097**	**975,900**
	O	695,574	800,800	895,200
Operation and maintenance, Marine Corps Reserve 051				
Appropriation, current	BA	**58,792**	**57,200**	
				[A] 65,300
			[W] −2,801	
Outlays	O	57,184	53,722	58,441
			[W] −1,822	[W] −741
Total Operation and maintenance, Marine Corps Reserve	BA	**58,792**	**54,399**	**65,300**
	O	57,184	51,900	57,700
Operation and maintenance, Air Force Reserve 051				
Appropriation, current	BA	**879,761**	**902,700**	
				[A] 975,600
			[W] −44,205	
Outlays	O	780,028	863,554	920,282
			[W] −36,654	[W] −5,782
Total Operation and maintenance, Air Force Reserve	BA	**879,761**	**858,495**	**975,600**
	O	780,028	826,900	914,500

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Defense--Military—Con.				
Operation and Maintenance—Con.				
Operation and maintenance, Army National Guard 051				
Appropriation, current	BA	1,437,487	1,652,800	1,786,900
Outlays	O	1,308,431	* −79,663 1,554,505 * −65,205	1,672,550 * −11,750
Total Operation and maintenance, Army National Guard	BA O	1,437,487 1,308,431	1,573,137 1,489,300	1,786,900 1,660,800
Operation and maintenance, Air National Guard 051				
Appropriation, current	BA	1,825,439	1,806,200	1,932,700
Outlays	O	1,783,560	* −88,502 1,773,852 * −77,152	1,840,748 * −8,248
Total Operation and maintenance, Air National Guard	BA O	1,825,439 1,783,560	1,717,698 1,696,700	1,932,700 1,832,500
National Board for the Promotion of Rifle Practice, Army 051				
Appropriation, current	BA	926	920	930
Outlays	O	1,137	* −45 840 * −40	905 * −5
Total National Board for the Promotion of Rifle Practice, Army	BA O	926 1,137	875 800	930 900
Claims, Defense 051				
Appropriation, current	BA	146,500	143,300	155,600
Outlays	O	130,413	138,400	147,200
Total Claims, Defense	BA O	146,500 130,413	143,300 138,400	155,600 147,200
Court of Military Appeals, Defense 051				
Appropriation, current	BA	2,870	3,200	3,400
Outlays	O	2,429	* −157 2,738 * −138	2,911 * −11
Total Court of Military Appeals, Defense	BA O	2,870 2,429	3,043 2,600	3,400 2,900
Summer olympics 051				
Outlays	O	16,191	300	

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Defense--Military—Con.

Operation and Maintenance—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Tenth International Pan American games	051				
Appropriation, current		BA	....	**10,000**	....
					[K] **15,000**
				[W] **−490**	
Outlays		0	....	6,043	4,047
				[W] −343	[W] −147
Total Tenth International Pan American games		BA	....	**9,510**	**15,000**
		0	....	5,700	3,900
Environmental restoration, Defense	051				
Appropriation, current		BA	**314,000**	....	**385,900**
				[W] **−18,576**	
Outlays		0	126,047	164,813	146,519
				[W] −4,713	[W] −7,919
Total Environmental restoration, Defense		BA	**314,000**	**−18,576**	**385,900**
		0	126,047	160,100	138,600
Total Federal funds Operation and Maintenance		BA	**77,802,854**	**74,850,945**	**85,773,000**
		0	72,347,533	74,137,100	80,871,500

Procurement

Federal funds

General and Special Funds:

Account and functional code			1985 actual	1986 estimate	1987 estimate
Aircraft procurement, Army	051				
Appropriation, current		BA	**3,940,900**	**3,524,200**	....
					[K] **3,264,700**
				[W] **−172,686**	
Reappropriation		BA	**600**	....	....
Outlays		0	2,705,203	2,984,053	2,996,316
				[W] −32,453	[W] −86,516
Total Aircraft procurement, Army		BA	**3,941,500**	**3,351,514**	**3,264,700**
		0	2,705,203	2,951,600	2,909,800
Missile procurement, Army	051				
Appropriation, current		BA	**3,167,000**	**2,904,332**	....
					[K] **2,438,200**
				[W] **−142,312**	
Outlays		0	2,399,088	2,343,034	2,388,965
				[W] −13,934	[W] −60,365
Total Missile procurement, Army		BA	**3,167,000**	**2,762,020**	**2,438,200**
		0	2,399,088	2,329,100	2,328,600

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate

Department of Defense--Military—Con.

Procurement—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Procurement of weapons and tracked combat vehicles, Army 051				
Appropriation, current	BA	**4,504,400**	**4,676,800**	....
				[K] **4,452,600**
			[W] **–229,555**	
Outlays	0	3,801,406	3,781,076	3,862,613
			[W] –13,576	[W] –126,313
Total Procurement of weapons and tracked combat vehicles, Army	BA	**4,504,400**	**4,447,245**	**4,452,600**
	0	3,801,406	3,767,500	3,736,300
Procurement of ammunition, Army 051				
Appropriation, current	BA	**2,646,300**	**2,497,200**	....
				[K] **2,254,000**
			[W] **–122,363**	
Outlays	0	2,079,522	2,278,842	2,062,972
			[W] –36,442	[W] –51,272
Total Procurement of ammunition, Army	BA	**2,646,300**	**2,374,837**	**2,254,000**
	0	2,079,522	2,242,400	2,011,700
Other procurement, Army 051				
Appropriation, current	BA	**5,121,470**	**5,240,256**	....
				[K] **6,169,000**
			[W] **–256,856**	
Reappropriation	BA	**20,000**	....	....
Outlays	0	4,129,753	4,107,373	4,188,106
			[W] –27,873	[W] –127,506
Total Other procurement, Army	BA	**5,141,470**	**4,983,400**	**6,169,000**
	0	4,129,753	4,079,500	4,060,600
Aircraft procurement, Navy 051				
Appropriation, current	BA	**10,897,398**	**11,175,678**	....
				[K] **11,304,300**
			[W] **–547,608**	
Outlays	0	8,262,536	9,476,995	9,573,643
			[W] –61,195	[W] –275,743
Total Aircraft procurement, Navy	BA	**10,897,398**	**10,628,070**	**11,304,300**
	0	8,262,536	9,415,800	9,297,900
Weapons procurement, Navy 051				
Appropriation, current	BA	**4,353,611**	**5,216,095**	....
				[K] **6,095,400**
			[W] **–256,157**	
Outlays	0	2,941,421	3,819,450	3,956,036
			[W] –38,750	[W] –128,536
Total Weapons procurement, Navy	BA	**4,353,611**	**4,959,938**	**6,095,400**
	0	2,941,421	3,780,700	3,827,500

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Defense--Military—Con.					
Procurement—Con.					
Shipbuilding and conversion, Navy	051				
Appropriation, current		BA	**11,599,226**	**10,840,400** [W] **−490,059**	.... [K] **11,046,200**
Reappropriation		BA	**36,300**	....	....
Outlays		0	9,145,166	9,213,672 [W] −66,472	9,617,081 [W] −192,481
Total Shipbuilding and conversion, Navy		BA	**11,635,526**	**10,350,341**	**11,046,200**
		0	9,145,166	9,147,200	9,424,600
Other procurement, Navy	051				
Appropriation, current		BA	**5,341,614**	**6,381,282** [W] **−295,999**	.... [K] **6,538,800**
Outlays		0	3,749,801	4,288,777 [W] −43,177	4,581,881 [W] −131,581
Total Other procurement, Navy		BA	**5,341,614**	**6,085,283**	**6,538,800**
		0	3,749,801	4,245,600	4,450,300
Coastal defense augmentation	051				
Appropriation, current		BA	....	**235,000** [W] **−11,515**	....
Outlays		0	....	32,884 [W] −1,384	66,813 [W] −3,913
Total Coastal defense augmentation		BA	....	**223,485**	....
		0	....	31,500	62,900
Procurement, Marine Corps	051				
Appropriation, current		BA	**1,816,157**	**1,660,766** [W] **−81,378**	.... [K] **1,565,000**
Outlays		0	1,649,613	1,825,019 [W] −11,019	1,511,137 [W] −32,537
Total Procurement, Marine Corps		BA	**1,816,157**	**1,579,388**	**1,565,000**
		0	1,649,613	1,814,000	1,478,600
Aircraft procurement, Air Force	051				
Appropriation, current		BA	**26,091,424**	**23,209,424** [W] **−1,139,516**	.... [K] **19,127,400**
Outlays		0	15,618,586	17,248,693 [W] −108,793	17,828,953 [W] −533,253
Total Aircraft procurement, Air Force		BA	**26,091,424**	**22,069,908**	**19,127,400**
		0	15,618,586	17,139,900	17,295,700

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Defense--Military—Con.					
Procurement—Con.					
Missile procurement, Air Force	051				
Appropriation, current		BA	**6,888,245**	**8,317,042**	....
					[K] **8,982,400**
				[W] **−407,310**	
Outlays		0	5,408,500	6,742,378	6,655,608
				[W] −128,978	[W] −165,708
Total Missile procurement, Air Force		BA	**6,888,245**	**7,909,732**	**8,982,400**
		0	5,408,500	6,613,400	6,489,900
Other procurement, Air Force	051				
Appropriation, current		BA	**8,848,027**	**8,568,083**	....
					[K] **10,900,300**
				[W] **−419,001**	
Reappropriation		BA	**9,842**	....	....
Outlays		0	7,417,498	7,035,375	7,714,135
				[W] −256,075	[W] −117,635
Total Other procurement, Air Force		BA	**8,857,869**	**8,149,082**	**10,900,300**
		0	7,417,498	6,779,300	7,596,500
Procurement, Defense agencies	051				
Appropriation, current		BA	**1,166,201**	**1,287,740**	....
					[K] **1,488,400**
				[W] **−63,834**	
Reappropriation		BA	**3,100**	....	....
Outlays		0	962,450	1,085,827	1,139,769
				[W] −21,427	[W] −33,569
Total Procurement, Defense agencies		BA	**1,169,301**	**1,223,906**	**1,488,400**
		0	962,450	1,064,400	1,106,200
National guard and reserve equipment	051				
Appropriation, current		BA	**380,000**	**1,501,800**	....
				[W] **−32,262**	
Outlays		0	106,357	295,734	575,505
				[W] −1,434	[W] −12,105
Total National guard and reserve equipment		BA	**380,000**	**1,469,538**	....
		0	106,357	294,300	563,400
Defense production act purchases	051				
Appropriation, current		BA	**10,000**	**31,000**	....
					[K] **30,000**
				[W] **−1,519**	
Outlays		0	....	2,005	5,601
				[W] −1,005	[W] −201
Total Defense production act purchases		BA	**10,000**	**29,481**	**30,000**
		0	....	1,000	5,400

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Defense--Military—Con.				
Procurement—Con.				
NATO cooperative defense programs 051				
Appropriation, current	BA		**15,000**	
			[W] -735	
Outlays	0		1,895	4,341
			[W] -95	[W] -241
Total NATO cooperative defense programs	BA		**14,265**	
	0		1,800	4,100
Chemical agents and munitions destruction, Defense 051				
Appropriation, current	BA			**120,100**
Outlays	0			56,100
Procurement of aircraft and missiles, Navy 051				
Outlays	0	1,861	3,000	1,800
Procurement of equipment and missiles, Army 051				
Outlays	0	2,623		
Total Federal funds Procurement	BA	**96,841,815**	**92,611,433**	**95,776,800**
	0	70,381,384	75,702,000	76,707,900
Research, Development, Test, and Evaluation				
Federal funds				
General and Special Funds:				
Research, development, test, and evaluation, Army 051				
Appropriation, current	BA	**4,357,215**	**4,841,472**	
				[K] 5,550,300
			[W] -235,110	
Outlays	0	3,949,876	4,217,918	4,408,758
			[W] -130,218	[W] -87,658
Total Research, development, test, and evaluation, Army	BA	**4,357,215**	**4,606,362**	**5,550,300**
	0	3,949,876	4,087,700	4,321,100
Research, development, test, and evaluation, Navy 051				
Appropriation, current	BA	**9,197,406**	**10,076,939**	
				[K] 10,586,800
			[W] -493,197	
Outlays	0	8,053,596	8,786,873	8,765,254
			[W] -263,373	[W] -195,354
Total Research, development, test, and evaluation, Navy	BA	**9,197,406**	**9,583,742**	**10,586,800**
	0	8,053,596	8,523,500	8,569,900

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Defense--Military—Con.				
Research, Development, Test, and Evaluation—Con.				
Research, development, test, and evaluation, Air Force 051				
Appropriation, current	BA	**13,465,989**	**13,787,408** [W] **−672,192**	.... [K] **17,275,400**
Reappropriation	BA	**18,661**	....	....
Outlays	O	11,572,667	11,632,493 [W] −361,293	12,882,903 [W] −271,903
Total Research, development, test, and evaluation, Air Force	BA	**13,484,650**	**13,115,216**	**17,275,400**
	O	11,572,667	11,271,200	12,611,000
Research, development, test, and evaluation, Defense agencies 051				
Appropriation, current	BA	**4,227,927**	**6,642,386** [W] **−325,232**	.... [K] **8,364,300**
Reappropriation	BA	**1,290**	....	....
Outlays	O	3,471,668	4,910,383 [W] −158,583	6,160,486 [W] −146,786
Total Research, development, test, and evaluation, Defense agencies	BA	**4,229,217**	**6,317,154**	**8,364,300**
	O	3,471,668	4,751,800	6,013,700
Director of test and evaluation, Defense 051				
Appropriation, current	BA	**59,000**	**118,500** [W] **−4,582**	.... [K] **141,800**
Outlays	O	55,103	69,313 [W] −1,613	99,759 [W] −2,959
Total Director of test and evaluation, Defense	BA	**59,000**	**113,918**	**141,800**
	O	55,103	67,700	96,800
Director of operational test and evaluation, Defense 051				
Appropriation, current	BA			[K] **11,300**
Outlays	O			[K] 5,000
Total Federal funds Research, Development, Test, and Evaluation	BA	**31,327,488**	**33,736,392**	**41,929,900**
	O	27,102,910	28,701,900	31,617,500

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Defense--Military—Con.

Military Construction

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Military construction, Army	051				
Appropriation, current		BA	**1,593,137**	**1,602,982**	....
					[A] 1,695,200
				[W] −78,546	
Outlays		0	988.313	1,138,646	1,292,030
				[W] −21,946	[W] −50,630
Total Military construction, Army		BA	**1,593,137**	**1,524,436**	**1,695,200**
		0	988,313	1,116,700	1,241,400
Military construction, Navy	051				
Appropriation, current		BA	**1,534,592**	**1,705,370**	....
					[A] 1,814,100
				[W] −83,563	
Outlays		0	1,232,000	1,331,410	1,360,086
				[W] −22,710	[W] −49,586
Total Military construction, Navy		BA	**1,534,592**	**1,621,807**	**1,814,100**
		0	1,232,000	1,308,700	1,310,500
Military construction, Air Force	051				
Appropriation, current		BA	**1,572,655**	**1,663,225**	....
					[A] 1,773,200
				[W] −81,498	
Outlays		0	1,386,872	1,382,176	1,365,127
				[W] −16,576	[W] −51,427
Total Military construction, Air Force		BA	**1,572,655**	**1,581,727**	**1,773,200**
		0	1,386,872	1,365,600	1,313,700
Military construction, Defense agencies	051				
Appropriation, current		BA	**302,198**	**181,375**	....
					[A] 762,100
				[W] −8,887	
Outlays		0	210,652	255,744	259,750
				[W] −1,644	[W] −4,850
Total Military construction, Defense agencies		BA	**302,198**	**172,488**	**762,100**
		0	210,652	254,100	254,900
North Atlantic Treaty Organization infrastructure	051				
Appropriation, current		BA	**107,200**	**10,000**	....
					[A] 247,000
				[W] −490	
Outlays		0	125,425	143,503	141,586
				[W] −103	[W] −2,986
Total North Atlantic Treaty Organization infrastructure		BA	**107,200**	**9,510**	**247,000**
		0	125,425	143,400	138,600

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Defense--Military—Con.					
Military Construction—Con.					
Military construction, Army National Guard	051				
Appropriation, current		BA	**98,603**	**102,205**	....
					[A] **121,100**
				[W] **−5,008**	
Outlays		0	88,527	86,246	88,449
				[W] −446	[W] −3,149
Total Military construction, Army National Guard		BA	**98,603**	**97,197**	**121,100**
		0	88,527	85,800	85,300
Military construction, Air National Guard	051				
Appropriation, current		BA	**111,200**	**121,250**	....
					[A] **140,000**
				[W] **−5,941**	
Outlays		0	99,861	109,903	102,670
				[W] −603	[W] −4,370
Total Military construction, Air National Guard		BA	**111,200**	**115,309**	**140,000**
		0	99,861	109,300	98,300
Military construction, Army Reserve	051				
Appropriation, current		BA	**69,306**	**61,346**	....
					[A] **86,700**
				[W] **−3,006**	
Outlays		0	56,345	62,689	60,479
				[W] −689	[W] −2,479
Total Military construction, Army Reserve		BA	**69,306**	**58,340**	**86,700**
		0	56,345	62,000	58,000
Military construction, Naval Reserve	051				
Appropriation, current		BA	**60,800**	**41,800**	....
					[A] **44,500**
				[W] **−2,048**	
Outlays		0	34,664	46,204	42,348
				[W] −404	[W] −1,648
Total Military construction, Naval Reserve		BA	**60,800**	**39,752**	**44,500**
		0	34,664	45,800	40,700
Military construction, Air Force Reserve	051				
Appropriation, current		BA	**67,800**	**63,030**	....
					[A] **58,900**
				[W] **−3,088**	
Outlays		0	37,668	54,406	53,574
				[W] −506	[W] −2,574
Total Military construction, Air Force Reserve		BA	**67,800**	**59,942**	**58,900**
		0	37,668	53,900	51,000
Total Federal funds Military Construction		BA	**5,517,491**	**5,280,508**	**6,742,800**
		0	4,260,327	4,545,300	4,592,400

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Defense--Military—Con.					
Family Housing					
Federal funds					
General and Special Funds:					
Family housing, Army	051				
Appropriation, current		BA	1,328,387	1,430,100	......
					[A] 1,733,000
				[H] −70,075	
Outlays		0	1,158,275	1,174,243	1,176,626
				[H] −37,243	[H] −18,626
Total Family housing, Army		BA	1,328,387	1,360,025	1,733,000
		0	1,158,275	1,137,000	1,158,000
Family housing, Navy and Marine Corps	051				
Appropriation, current		BA	657,843	665,141	......
					[A] 784,300
				[H] −32,592	
Outlays		0	674,347	609,516	598,447
				[H] −15,616	[H] −12,447
Total Family housing, Navy and Marine Corps		BA	657,843	632,549	784,300
		0	674,347	593,900	586,000
Family housing, Air Force	051				
Appropriation, current		BA	884,721	833,468	......
					[A] 853,500
				[H] −40,840	
Outlays		0	795,018	719,992	745,028
				[H] −20,992	[H] −12,728
Total Family housing, Air Force		BA	884,721	792,628	853,500
		0	795,018	699,000	732,300
Family housing, Defense agencies	051				
Appropriation, current		BA	17,437	16,567	......
					[A] 17,600
				[H] −812	
Outlays		0	12,773	15,768	14,458
				[H] −568	[H] −258
Total Family housing, Defense agencies		BA	17,437	15,755	17,600
		0	12,773	15,200	14,200
Public Enterprise Funds:					
Homeowners assistance fund, Defense	051				
Appropriation, current		BA	......	......	6,000
Authority to borrow, permanent		BA	1,207	160	2,000
Outlays		0	2,000	700	700
Total Homeowners assistance fund, Defense		BA	1,207	160	8,000
		0	2,000	700	700
Total Federal funds Family Housing		BA	2,889,595	2,801,117	3,396,400
		0	2,642,413	2,445,800	2,491,200

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Defense--Military—Con.					
Special Foreign Currency Program					
Federal funds					
General and Special Funds:					
Special foreign currency program	051				
Appropriation, current		BA	**8,650**	**2,100**	....
					[K] **3,500**
				[W] **−103**	
Outlays		O	1,670	2,220	2,045
				[W] −20	[W] −45
Total Special foreign currency program		BA	**8,650**	**1,997**	**3,500**
		O	1,670	2,200	2,000
Revolving and Management Funds					
Federal funds					
Public Enterprise Funds:					
Defense production guarantees	051				
Outlays		O	3	....	....
Intragovernmental Funds:					
Defense production guarantees, FFB direct loans	051				
Authority to borrow, permanent		BA	**2,732**	**6,000**	**6,000**
Outlays		O	2,732	6,000	6,000
Public Enterprise Funds:					
Laundry service, Naval Academy	051				
Outlays		O	20	....	....
Intragovernmental Funds:					
Army stock fund	051				
Appropriation, current		BA	**366,448**	**393,000**	....
					[K] **296,700**
				[W] **−19,257**	
Contract authority, permanent, indefinite		BA	**149,986**	....	....
Outlays		O	70,507	373,687	254,451
				[W] −10,687	[W] −6,451
Total Army stock fund		BA	**516,434**	**373,743**	**296,700**
		O	70,507	363,000	248,000
Navy stock fund	051				
Appropriation, current		BA	**473,307**	**638,500**	....
					[K] **478,500**
				[W] **−31,287**	
Contract authority, permanent, indefinite		BA	**1,713,743**	....	....
Outlays		O	−107,123	578,869	814,381
				[W] −17,369	[W] −10,481
Total Navy stock fund		BA	**2,187,050**	**607,213**	**478,500**
		O	−107,123	561,500	803,900

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Defense--Military—Con.					
Revolving and Management Funds—Con.					
Marine Corps stock fund	051				
Appropriation, current		BA	**34,908**	**37,700**	
					[K] **45,900**
				[W] **−1,847**	
Outlays		0	15,217	33,832	37,019
				[W] −1,032	[W] −619
Total Marine Corps stock fund		BA	**34,908**	**35,853**	**45,900**
		0	15,217	32,800	36,400
Air Force stock fund	051				
Appropriation, current		BA	**548,593**	**415,900**	
					[K] **239,400**
				[W] **−20,379**	
Outlays		0	469,553	619,730	360,627
				[W] −11,330	[W] −6,827
Total Air Force stock fund		BA	**548,593**	**395,521**	**239,400**
		0	469,553	608,400	353,800
Defense stock fund	051				
Appropriation, current		BA	**130,700**	**91,700**	
					[K] **136,800**
				[W] **−7,335**	
Contract authority, permanent, indefinite		BA	**134,368**		
Outlays		0	379,416	74,474	362,857
				[W] −4,074	[W] −2,457
Total Defense stock fund		BA	**265,068**	**84,365**	**136,800**
		0	379,416	70,400	360,400
Army industrial fund	051				
Outlays		0	−161,542		
Navy industrial fund	051				
Outlays		0	−516,928		
Navy industrial fund (ship leases), FFB direct loans	051				
Authority to borrow, permanent		BA	**1,533,388**	**495,100**	
Outlays		0	1,313,066	437,800	−29,500
Marine Corps industrial fund	051				
Outlays		0	−3,049		
Air Force industrial fund	051				
Outlays		0	−80,190		
Defense industrial fund	051				
Outlays		0	17,440		
ADP equipment management fund	051				
Appropriation, current		BA		**100,000**	
Army management fund	051				
Outlays		0	−11,123		
Navy management fund	051				
Outlays		0	1,961		

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Defense--Military—Con.				
Revolving and Management Funds—Con.				
Army conventional ammunition working capital fund 051				
Outlays	O	−56,364		
Total Federal funds Revolving and Management Funds	BA	**5,088,173**	**2,097,795**	**1,203,300**
	O	1,333,596	2,079,900	1,779,000
Allowances				
Federal funds				
General and Special Funds:				
Civilian pay raises 051				
Appropriation, current	BA			[I] **716,432**
Outlays	O			[I] 704,300
Military pay raises and benefits 051				
Appropriation, current	BA			[I] **2,611,400**
Outlays	O			[I] 2,568,000
Other legislation 051				
Appropriation, current	BA		[J] **50,000**	[J] **−77,332**
Outlays	O		[J] 25,000	[J] −2,100
Total Federal funds Allowances	BA		**50,000**	**3,250,500**
	O		25,000	3,270,200
Trust Funds				
Trust funds				
Department of the Army trust funds 051				
Appropriation, permanent, indefinite	BA	**298**	**230**	**120**
Outlays	O	117	200	100
Department of the Navy trust funds 051				
Appropriation, permanent, indefinite	BA	**22,062**	**21,700**	**23,700**
Outlays	O	23,032	22,000	23,700
Department of the Air Force general gift fund 051				
Appropriation, permanent, indefinite	BA	**4,060**	**1,370**	**80**
Outlays	O	−44	2,100	2,100
Surcharge collections, sales of commissary stores, Army 051				
Outlays	O	−26,669	15,000	15,000
Department of the Navy trust revolving funds 051				
Outlays	O	−3,348	−1,000	2,100
Department of the Air Force trust revolving funds 051				
Contract authority, permanent, indefinite	BA	**58,421**		**39,800**
Outlays	O	−3,008	22,900	22,900
Total Trust funds Trust Funds	BA	**84,841**	**23,300**	**63,700**
	O	−9,920	61,200	65,900
Summary				
Federal funds:				
(As shown in detail above)	BA	**287,249,089**	**279,102,123**	**312,279,100**
	O	245,912,270	259,076,900	274,941,900

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Defense--Military—Con.

Summary—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Deductions for offsetting receipts:					
Intrafund transactions	051	BA 0	*−141*	....	....
Proprietary receipts from the public	051	BA 0	*−510,799*	*−692,180*	*−820,010*
		BA 0			[J] *100,000*
Total Federal funds		BA	**286,738,149**	**278,409,943**	**311,559,090**
		0	245,401,330	258,384,720	274,221,890
Trust funds:					
(As shown in detail above)		BA	**84,841**	**23,300**	**63,700**
		0	−9,920	61,200	65,900
Interfund transactions	051	BA 0	**−20,820**	**−20,920**	**−22,790**
Total Department of Defense--Military		BA	**286,802,170**	**278,412,323**	**311,600,000**
		0	245,370,590	258,425,000	274,265,000

Department of Defense--Civil

Cemeterial Expenses, Army

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	705				
Appropriation, current		BA	**7,812**	**14,615** [w] **−628**	**15,783**
Outlays		0	7,575	7,296 [w] −193	14,798 [w] −435
Total Salaries and expenses		BA	**7,812**	**13,987**	**15,783**
		0	7,575	7,103	14,363

Corps of Engineers--Civil

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
General investigations	301				
Appropriation, current		BA	**141,400**	**128,972** [w] **−5,494**	**127,000**
Outlays		0	138,105	133,000 [w] −3,803	127,000 [w] −1,694
Total General investigations		BA	**141,400**	**123,478**	**127,000**
		0	138,105	129,197	125,306

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Defense--Civil—Con.

Corps of Engineers--Civil—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Construction, general	301				
Appropriation, current		BA	**947,500**	**919,345** [W] **–39,515**	**1,046,500**
Outlays		O	1,033,018	1,000,000 [W] –21,645	1,046,500 [W] –17,901
Total Construction, general		BA	**947,500**	**879,830**	**1,046,500**
		O	1,033,018	978,355	1,028,599
Operation and maintenance, general:					
(Water resources)	301				
(Appropriation, current)		BA	**1,292,600**	**1,307,973** [A] **–3,000** [W] **–56,209**	**1,407,500** [J] **–203,000**
(Outlays)		O	1,298,634	1,307,990 [W] –45,711	1,407,500 [J] –203,000 [W] –10,749
Total (Water resources)		BA	**1,292,600**	**1,248,764**	**1,204,500**
		O	1,298,634	1,262,279	1,193,751
(Recreational resources)	303				
(Appropriation, current)		BA	**15,000**	**12,000** [W] **–516**	**12,500**
(Outlays)		O	15,917	12,010 [W] –516	12,500
Total (Recreational resources)		BA	**15,000**	**11,484**	**12,500**
		O	15,917	11,494	12,500
Total Operation and maintenance, general		BA	**1,307,600**	**1,260,248**	**1,217,000**
		O	1,314,551	1,273,773	1,206,251
Flood control and coastal emergencies	301				
Appropriation, current		BA	**50,000**	**25,000** [W] **–1,075**	**25,000**
Outlays		O	39,318	40,000	25,000 [W] –1,075
Total Flood control and coastal emergencies		BA	**50,000**	**23,925**	**25,000**
		O	39,318	40,000	23,925
General expenses	301				
Appropriation, current		BA	**115,000**	**107,000** [A] **3,000** [W] **–4,601**	**115,000**
Outlays		O	110,084	110,000 [A] 3,000 [W] –3,972	115,000 [W] –774
Total General expenses		BA	**115,000**	**105,399**	**115,000**
		O	110,084	109,028	114,226

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Defense--Civil—Con.					
Corps of Engineers--Civil—Con.					
Flood control, Mississippi River and tributaries	301				
Appropriation, current		BA	**321,800**	**314,760**	**298,000**
				[W] −13,535	
Outlays		0	328,242	318,000	298,000
				[W] −10,357	[W] −3,195
Total Flood control, Mississippi River and tributaries		BA	**321,800**	**301,225**	**298,000**
		0	328,242	307,643	294,805
Permanent appropriations:					
(Water resources)	301				
(Appropriation, permanent, indefinite)		BA	**5,779**	**3,000**	**3,000**
(Outlays)		0	3,304	5,807	3,000
				[W] −2	
Total (Water resources)		BA	**5,779**	**3,000**	**3,000**
		0	3,304	5,805	3,000
(Other general purpose fiscal assistance)	852				
(Appropriation, permanent, indefinite)		BA	**7,286**	**6,000**	**6,000**
(Outlays)		0	6,608	7,193	6,000
Total Permanent appropriations		BA	**13,065**	**9,000**	**9,000**
		0	9,912	12,998	9,000
Intragovernmental Funds:					
Revolving fund	301				
Appropriation, current		BA	....	**7,000**	**12,000**
				[W] −301	
Outlays		0	50,708	7,000	12,000
				[W] −301	
Total Revolving fund		BA	....	**6,699**	**12,000**
		0	50,708	6,699	12,000
Trust funds					
Inland waterways trust fund	301				
Appropriation, current		BA	**7,800**	....	....
					[K] 26,000
Outlays		0	....	7,800	26,000
Total Inland waterways trust fund		BA	**7,800**	....	**26,000**
		0	....	7,800	26,000
Rivers and harbors contributed funds	301				
Appropriation, permanent, indefinite		BA	**49,729**	**96,000**	**227,000**
Outlays		0	45,493	96,000	227,000
Harbor maintenance trust fund	301				
Appropriation, current		BA			**[J] 203,000**
Outlays		0			[J] 203,000
Summary					
Federal funds:					
(As shown in detail above)		BA	**2,896,365**	**2,709,804**	**2,849,500**
		0	3,023,938	2,857,693	2,814,112

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Defense--Civil—Con.					
Corps of Engineers--Civil—Con.					
Deductions for offsetting receipts:					
Proprietary receipts from the public	301	BA O	*−9,777*	*−6,100*	*−6,100*
	303	BA O	*−11,539*	*−12,000*	*−13,000*
Total Federal funds		BA	**2,875,049**	**2,691,704**	**2,830,400**
		O	3,002,622	2,839,593	2,795,012
Trust funds:					
(As shown in detail above)		BA	**57,529**	**96,000**	**456,000**
		O	45,493	103,800	456,000
Deductions for offsetting receipts:					
Proprietary receipts from the public	301	BA O	*−49,729*	*−96,000*	*−227,000*
		BA O			[J] *−203,000*
Total Trust funds		BA	**7,800**	....	**26,000**
		O	−4,236	7,800	26,000
Total Corps of Engineers--Civil		BA	**2,882,849**	**2,691,704**	**2,856,400**
		O	2,998,386	2,847,393	2,821,012
Military Retirement					
Federal funds					
General and Special Funds:					
Payment to military retirement fund	054				
Appropriation, permanent, indefinite		BA	**9,500,000**	**10,500,000**	**11,200,000**
Outlays		O	9,500,000	10,500,000	11,200,000
Retired pay, Defense	602				
Outlays		O	12,190	4,300	2,000
Trust funds					
Military retirement fund	602				
Appropriation, permanent, indefinite		BA	**27,425,859**	**30,954,705**	**33,702,100**
Outlays		O	15,788,764	18,053,500	19,087,300
					[J] −499,700
				[W] −409,100	[W] −573,600
Total Military retirement fund		BA	**27,425,859**	**30,954,705**	**33,702,100**
		O	15,788,764	17,644,400	18,014,000
Summary					
Federal funds:					
(As shown in detail above)		BA	**9,500,000**	**10,500,000**	**11,200,000**
		O	9,512,190	10,504,300	11,202,000
Trust funds:					
(As shown in detail above)		BA	**27,425,859**	**30,954,705**	**33,702,100**
		O	15,788,764	17,644,400	18,014,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Defense--Civil—Con.

Military Retirement—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Interfund transactions	054	BA 0	**−9,500,000**	**−10,500,000**	**−11,200,000**
Total Military Retirement		BA	**27,425,859**	**30,954,705**	**33,702,100**
		0	15,800,954	17,648,700	18,016,000

Education Benefits

Trust funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
Education benefits fund	702				
Appropriation, current, indefinite		BA			[J] **−239,800**
Appropriation, permanent, indefinite		BA	**52,931**	**288,900**	**264,800**
Outlays		0	−4,557	41,753	70,000 [J] −35,000
Total Education benefits fund		BA	**52,931**	**288,900**	**25,000**
		0	−4,557	41,753	35,000

Soldiers' and Airmen's Home

Trust funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
Operation and maintenance	705				
Appropriation, current		BA	**33,276**	**33,391** [W] **−1,436**	**34,022**
Outlays		0	32,922	33,626 [W] −1,271	33,992 [W] −171
Total Operation and maintenance		BA	**33,276**	**31,955**	**34,022**
		0	32,922	32,355	33,821
Capital outlays	705				
Appropriation, current		BA	**9,400**	**15,000** [W] **−645**	**4,485**
Outlays		0	1,533	14,950 [W] −269	1,471 [W] −376
Total Capital outlays		BA	**9,400**	**14,355**	**4,485**
		0	1,533	14,681	1,095
Payment of claims	705				
Appropriation, permanent, indefinite		BA	…………	**5**	**5**
Outlays		0	…………	5	5
Soldiers' and Airmen's Home revolving fund	705				
Outlays		0	−55	…………	…………

Summary

Account and functional code			1985 actual	1986 estimate	1987 estimate
Trust funds:					
(As shown in detail above)		BA	**42,676**	**46,315**	**38,512**
		0	34,400	47,041	34,921
Deductions for offsetting receipts:					
Proprietary receipts from the public	705	BA 0	*−4,485*	*−4,462*	*−4,612*
Total Soldiers' and Airmen's Home		BA	**38,191**	**41,853**	**33,900**
		0	29,915	42,579	30,309

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Defense--Civil—Con.

Forest and Wildlife Conservation, Military Reservations

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Forest products program	302				
Appropriation, permanent, indefinite		BA	**1,205**	**1,097**	**315**
Outlays		O	....	277 [w] −9	....
Total Forest products program		BA	**1,205**	**1,097**	**315**
		O	....	268	....
Wildlife conservation	303				
Appropriation, permanent, indefinite		BA	**1,603**	**1,800**	**2,040**
Outlays		O	1,468	2,125 [w] −69	2,140 [w] −8
Total Wildlife conservation		BA	**1,603**	**1,800**	**2,040**
		O	1,468	2,056	2,132

Summary

Account and functional code			1985 actual	1986 estimate	1987 estimate
Federal funds:					
(As shown in detail above)		BA	**2,808**	**2,897**	**2,355**
		O	1,468	2,324	2,132
Deductions for offsetting receipts:					
Proprietary receipts from the public	302	BA	*−1,205*	*−1,097*	*−315*
		O			
	303	BA	*−1,603*	*−1,800*	*−2,040*
		O			
Total Forest and Wildlife Conservation, Military Reservations		O	−1,340	−573	−223

Summary

Account and functional code			1985 actual	1986 estimate	1987 estimate
Federal funds:					
(As shown in detail above)		BA	**12,406,985**	**13,226,688**	**14,067,638**
		O	12,545,171	13,371,420	14,032,607
Deductions for offsetting receipts:					
Proprietary receipts from the public	301	BA	*−9,777*	*−6,100*	*−6,100*
		O			
	302	BA	*−1,205*	*−1,097*	*−315*
		O			
	303	BA	*−13,142*	*−13,800*	*−15,040*
		O			
Total Federal funds		BA	**12,382,861**	**13,205,691**	**14,046,183**
		O	12,521,047	13,350,423	14,011,152
Trust funds:					
(As shown in detail above)		BA	**27,578,995**	**31,385,920**	**34,221,612**
		O	15,864,100	17,836,994	18,539,921
Deductions for offsetting receipts:					
Proprietary receipts from the public	301	BA	*−49,729*	*−96,000*	*−227,000*
		O			
		BA			[J] *−203,000*
		O			

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Defense--Civil—Con.

Summary—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
	705	BA 0	*−4,485*	*−4,462*	*−4,612*
Total Trust funds		BA	**27,524,781**	**31,285,458**	**33,787,000**
		0	15,809,886	17,736,532	18,105,309
Interfund transactions	054	BA 0	**−9,500,000**	**−10,500,000**	**−11,200,000**
Total Department of Defense--Civil		BA	**30,407,642**	**33,991,149**	**36,633,183**
		0	18,830,933	20,586,955	20,916,461

Department of Education

Office of Elementary and Secondary Education

Federal funds

General and Special Funds:

Account and functional code			1985 actual	1986 estimate	1987 estimate
Compensatory education for the disadvantaged	501				
Appropriation, current		BA	**3,695,663**	**3,695,663** [H] **−7,177** [W] **−158,914**	**3,688,163**
Outlays		0	4,206,754	2,959,908 [H] −1,005 [W] −7,975	3,658,174 [H] −4,594 [W] −117,563
Total Compensatory education for the disadvantaged		BA	**3,695,663**	**3,529,572**	**3,688,163**
		0	4,206,754	2,950,928	3,536,017
Impact aid	501				
Appropriation, current		BA	**695,000**	**692,500** [W] **−29,778**	**548,000**
Outlays		0	647,402	733,410 [W] −23,278	615,630 [W] −4,592
Total Impact aid		BA	**695,000**	**662,722**	**548,000**
		0	647,402	710,132	611,038
Special programs	501				
Appropriation, current		BA	**758,109**	**705,109** [H] **−37,782** [W] **−30,320**	**603,909** [J] **75,000**
Outlays		0	526,401	664,253 [H] −2,170 [W] −2,474	662,701 [H] −27,506 [J] 8,250 [W] −23,464
Total Special programs		BA	**758,109**	**637,007**	**678,909**
		0	526,401	659,609	619,981

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Education—Con.					
Office of Elementary and Secondary Education—Con.					
Indian education	501				
Appropriation, current		BA	**67,404**	**67,071**	....
					[J] **75,729**
				[W] **−2,884**	
Outlays		O	82,328	59,171	36,175
					[J] 33,210
				[W] −1,266	[W] −1,502
Total Indian education		BA	**67,404**	**64,187**	**75,729**
		O	82,328	57,905	67,883
Total Federal funds Office of Elementary and Secondary Education		BA	**5,216,176**	**4,893,488**	**4,990,801**
		O	5,462,885	4,378,574	4,834,919
Office of Bilingual Education and Minority Languages Affairs					
Federal funds					
General and Special Funds:					
Bilingual education	501				
Appropriation, current		BA	**142,951**	**142,951**	**142,951**
				[W] **−6,140**	
Outlays		O	142,169	99,355	144,355
				[W] −240	[W] −4,376
Total Bilingual education		BA	**142,951**	**136,811**	**142,951**
		O	142,169	99,115	139,979
Immigrant education	501				
Appropriation, current		BA	**30,000**	**30,000**	....
				[H] **−28,710**	
				[W] **−1,290**	
Outlays		O	15,370	28,500	29,857
					[H] −14,642
					[W] −658
Total Immigrant education		BA	**30,000**	....	....
		O	15,370	28,500	14,557
Total Federal funds Office of Bilingual Education and Minority Languages Affairs		BA	**172,951**	**136,811**	**142,951**
		O	157,539	127,615	154,536

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Education—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Office of Special Education and Rehabilitative Services				
Federal funds				
General and Special Funds:				
Education for the handicapped 501				
Appropriation, current	BA	**1,321,270**	**1,411,000** [H] **−44,364** [W] **−60,664**	**1,303,100**
Outlays	0	1,017,964	1,515,216 [H] −3,764 [W] −2,887	1,337,241 [H] −31,900 [W] −44,073
Total Education for the handicapped	BA	**1,321,270**	**1,305,972**	**1,303,100**
	0	1,017,964	1,508,565	1,261,268
Rehabilitation services and handicapped research 506				
Appropriation, current	BA	**1,234,015**	**1,362,000** [H] **−75,439** [W] **−52,239**	**1,100,600** [K] **124,800**
Outlays	0	798,298	1,530,233 [H] −58,086 [W] −40,224	1,218,504 [H] −12,072 [W] −8,358
Total Rehabilitation services and handicapped research	BA	**1,234,015**	**1,234,322**	**1,225,400**
	0	798,298	1,431,923	1,198,074
Payments to institutions for the handicapped:				
(Elementary, secondary, and vocational education) 501				
(Appropriation, current)	BA	**24,390**	**25,443** [H] **−196** [W] **−1,094**	**24,400**
(Outlays)	0	21,479	32,582 [H] −184 [W] −1,043	24,464 [H] −12 [W] −51
Total (Elementary, secondary, and vocational education)	BA	**24,390**	**24,153**	**24,400**
	0	21,479	31,355	24,401

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Education—Con.					
Office of Special Education and Rehabilitative Services—Con.					
(Higher education)	502				
(Appropriation, current)		BA	**71,210**	**74,057** [H] **−250** [W] **−3,184**	**71,227** [J] **2,000**
(Outlays)		0	61,882	95,244 [H] −235 [W] −3,076	71,300 [H] −15 [J] 1,940 [W] −108
Total (Higher education)		BA	**71,210**	**70,623**	**73,227**
		0	61,882	91,933	73,117
Total Payments to institutions for the handicapped		BA	**95,600**	**94,776**	**97,627**
		0	83,361	123,288	97,518
Trust funds					
Promotion of education for the blind	501				
Appropriation, current		BA			[J] **−10**
Appropriation, permanent		BA	**10**	**10**	**10**
Outlays		0	10	10	10
Total Promotion of education for the blind		BA	**10**	**10**	…………
		0	10	10	10
Total Federal funds Office of Special Education and Rehabilitative Services		BA	**2,650,885**	**2,635,070**	**2,626,127**
		0	1,899,623	3,063,776	2,556,860
Total Trust funds Office of Special Education and Rehabilitative Services		BA	**10**	**10**	…………
		0	10	10	10
Office of Vocational and Adult Education					
Federal funds					
General and Special Funds:					
Vocational and adult education	501				
Appropriation, current		BA	**933,277**	**940,777** [H] **−210,337** [W] **−40,760**	**504,974**
Appropriation, permanent		BA	**7,148**	**7,148**	**7,148**
Outlays		0	658,314	993,240 [H] −4,207 [W] −815	990,986 [H] −143,029 [W] −27,717
Total Vocational and adult education		BA	**940,425**	**696,828**	**512,122**
		0	658,314	988,218	820,240

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Education—Con.					
Office of Postsecondary Education					
Federal funds					
General and Special Funds:					
Student financial assistance	502				
Appropriation, current		BA	**5,160,482**	**4,887,000**	....
					[K] 25,000
				[H] −456,347	
					[J] 3,787,568
				[W] −210,141	
Outlays		O	4,162,695	5,103,729	3,638,034
				[H] −74,727	[H] −335,585
					[J] 1,095,757
				[W] −38,834	[W] −134,285
Limitation on direct loan obligations (P.L. 99-177).			....	(191,443)	....
				[H] (−181,830)	
				[W] (−8,170)	
Total Student financial assistance		BA	**5,160,482**	**4,220,512**	**3,812,568**
		O	4,162,695	4,990,168	4,263,921
Guaranteed student loans	502				
Appropriation, current		BA	**3,799,823**	**3,300,000**	**3,460,250**
				[I] 65,044	
					[J] −1,115,241
				[W] −34,059	**[W] −15,423**
Outlays		O	3,534,795	3,238,022	3,428,200
				[I] 52,035	[I] 13,009
				[J] −49,236	[J] −855,266
				[W] −9,553	[W] −39,929
Total Guaranteed student loans		BA	**3,799,823**	**3,330,985**	**2,329,586**
		O	3,534,795	3,231,268	2,546,014
Higher education	502				
Appropriation, current		BA	**479,083**	**455,238**	**23,000**
				[H] −180,882	
					[J] 238,578
				[W] −19,575	
Reappropriation		BA	**17,700**	....	....
Outlays		O	404,511	479,927	419,654
				[H] −20,769	[H] −121,643
					[J] 15,312
				[W] −2,548	[W] −12,226
Total Higher education		BA	**496,783**	**254,781**	**261,578**
		O	404,511	456,610	301,097

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Education—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Office of Postsecondary Education—Con.					
Howard University	502				
• Appropriation, current		BA	**158,230**	**164,230**	**157,170**
				[H] −5,699	
				[W] −7,062	
Outlays		O	178,283	188,231	157,732
				[H] −4,994	[H] −705
				[W] −6,697	[W] −365
Total Howard University		BA	**158,230**	**151,469**	**157,170**
		O	178,283	176,540	156,662
Higher education facilities loans and insurance	502				
Appropriation, current		BA	**14,194**	**17,996**	....
					[K] 19,205
				[W] −5	
Outlays		O	5,307	1,137	−1,083
				[W] −4	[W] −1
Total Higher education facilities loans and insurance		BA	**14,194**	**17,991**	**19,205**
		O	5,307	1,133	−1,084
Public Enterprise Funds:					
College housing loans	502				
Outlays		O	−164,061	−5,004	−586,194
					[A] −5,742
				[W] −51	[W] −264
Limitation on direct loan obligations			(40,000)	(60,000)	....
				[A] (−57,420)	
				[W] (−2,580)	
Total College housing loans		O	−164,061	−5,055	−592,200
Intragovernmental Funds:					
Guarantees of SLMA obligations, FFB direct loans	502				
Outlays		O	....	....	−30,000
Total Federal funds Office of Postsecondary Education		BA	**9,629,512**	**7,975,738**	**6,580,107**
		O	8,121,530	8,850,664	6,644,410

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Education—Con.

Office of Educational Research and Improvement

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Educational research and improvement 503				
Appropriation, current	BA	**59,978**	**59,978** [W] **−2,579**	**12,000** [K] **58,231**
Outlays	0	28,809	67,423 [W] −1,445	66,098 [W] −1,031
Total Educational research and improvement	BA 0	**59,978** 28,809	**57,399** 65,978	**70,231** 65,067
Libraries 503				
Appropriation, current	BA	**125,000**	**127,500** [H] **−33,017** [W] **−5,483**	....
Outlays	0	85,650	134,086 [H] −3,790 [W] −1,333	97,330 [H] −19,955 [W] −2,334
Total Libraries	BA 0	**125,000** 85,650	**89,000** 128,963	 75,041
Total Federal funds Office of Educational Research and Improvement	BA 0	**184,978** 114,459	**146,399** 194,941	**70,231** 140,108

Departmental Management

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Salaries and expenses:				
(Elementary, secondary and vocational education) 501				
(Appropriation, current)	BA	**17,956**	**17,178** [W] **−739**	**17,330**
(Outlays)	0	17,427	17,154 [W] −613	17,328 [W] −89
Total (Elementary, secondary and vocational education)	BA 0	**17,956** 17,427	**16,439** 16,541	**17,330** 17,239
(Higher education) 502				
(Appropriation, current)	BA	**77,712**	**77,631** [W] **−3,338**	**88,124**
(Outlays)	0	71,780	78,874 [W] −2,770	86,061 [W] −401
Total (Higher education)	BA 0	**77,712** 71,780	**74,293** 76,104	**88,124** 85,660

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Education—Con.				
Departmental Management—Con.				
(Research and general education aids) 503				
(Appropriation, current)	BA	**126,361**	**113,055**	**116,918**
			[w] −4,862	
(Outlays)	0	119,713	113,032	116,052
			[w] −4,036	[w] −583
Total (Research and general education aids)	BA	**126,361**	**108,193**	**116,918**
	0	119,713	108,996	115,469
(Social services) 506				
(Appropriation, current)	BA	**19,046**	**18,003**	**18,820**
			[w] −774	
(Outlays)	0	18,414	17,891	18,719
			[w] −643	[w] −93
Total (Social services)	BA	**19,046**	**17,229**	**18,820**
	0	18,414	17,248	18,626
(Federal law enforcement activities) 751				
(Appropriation, current)	BA	**60,312**	**59,892**	**54,563**
			[w] −2,534	
(Outlays)	0	57,566	59,658	54,176
			[w] −2,103	[w] −304
Total (Federal law enforcement activities)	BA	**60,312**	**57,358**	**54,563**
	0	57,566	57,555	53,872
Total Salaries and expenses	BA	**301,387**	**273,512**	**295,755**
	0	284,900	276,444	290,866
Education and research overseas:				
(Special foreign currency program) (Research and general education aids) 503				
(Outlays)	0	1,261	740	168
(Special foreign currency program) (Social services) 506				
(Outlays)	0	577	1,168	97
Total Education and research overseas	0	1,838	1,908	265
Trust funds				
Contributions 503				
Outlays	0	−33	38	....
Total Federal funds Departmental Management	BA	**301,387**	**273,512**	**295,755**
	0	286,738	278,352	291,131
Total Trust funds Departmental Management	0	−33	38	....
Summary				
Federal funds:				
(As shown in detail above)	BA	**19,096,314**	**16,757,846**	**15,218,094**
	0	16,701,088	17,882,140	15,442,204
Deductions for offsetting receipts:				
Proprietary receipts from the public 502	BA	*−18,979*	*−42,600*	*−45,232*
	0			

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Education—Con.					
Summary—Con.					
		BA			[J] *45,232*
		0			
Total Federal funds		BA	**19,077,335**	**16,715,246**	**15,218,094**
		0	16,682,109	17,839,540	15,442,204
Trust funds:					
(As shown in detail above)		BA	**10**	**10**	
		0	−23	48	10
Total Department of Education		BA	**19,077,345**	**16,715,256**	**15,218,094**
		0	16,682,086	17,839,588	15,442,214
Department of Energy					
Atomic Energy Defense Activities					
Federal funds					
General and Special Funds:					
Atomic energy defense activities	053				
Appropriation, current		BA	**7,325,421**	**7,604,615** [w] **−372,626**	**8,230,000**
Outlays		0	7,098,358	7,380,000 [w] −227,870	7,860,000 [w] −151,913
Total Atomic energy defense activities		BA	**7,325,421**	**7,231,989**	**8,230,000**
		0	7,098,358	7,152,130	7,708,087
Energy Programs					
Federal funds					
General and Special Funds:					
General science and research activities	251				
Appropriation, current		BA	**721,760**	**685,400** [w] **−29,472**	**773,400**
Outlays		0	706,718	699,183 [w] −21,996	738,000 [w] −7,476
Total General science and research activities		BA	**721,760**	**655,928**	**773,400**
		0	706,718	677,187	730,524
Energy supply, R&D activities	271				
Appropriation, current		BA	**1,968,192**	**1,772,271** [w] **−76,208**	**1,254,162**
Outlays		0	2,105,922	1,892,288 [w] −38,790	1,856,897 [w] −37,418
Total Energy supply, R&D activities		BA	**1,968,192**	**1,696,063**	**1,254,162**
		0	2,105,922	1,853,498	1,819,479

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Energy—Con.					
Energy Programs—Con.					
Uranium supply and enrichment activities	271				
Appropriation, current, indefinite		BA	**1,648,892**	**1,612,700**	....
				[w] –61,391	
Outlays		0	1,711,113	1,265,000	–235,000
Total Uranium supply and enrichment activities		BA	**1,648,892**	**1,551,309**	....
		0	1,711,113	1,265,000	–235,000
Fossil energy research and development	271				
Appropriation, current		BA	....	....	**82,767**
				[w] –14,017	
Indefinite		BA	**274,048**	**310,971**	....
Appropriation, permanent		BA	**15,000**	**15,000**	....
Outlays		0	337,210	307,150	178,898
				[w] –4,205	[w] –9,812
Total Fossil energy research and development		BA	**289,048**	**311,954**	**82,767**
		0	337,210	302,945	169,086
Naval petroleum and oil shale reserves	271				
Appropriation, current		BA	**156,874**	**13,586**	**127,108**
					[J] –78,785
				[w] –584	
Outlays		0	153,303	164,400	166,300
					[J] –80,150
				[w] –421	[w] –163
Total Naval petroleum and oil shale reserves		BA	**156,874**	**13,002**	**48,323**
		0	153,303	163,979	85,987
Energy conservation:					
(Energy conservation)	272				
(Appropriation, current)		BA	**457,436**	**446,721**	**39,433**
				[w] –19,209	
(Outlays)		0	464,401	438,931	270,287
				[w] –4,785	[w] –14,424
Total (Energy conservation)		BA	**457,436**	**427,512**	**39,433**
		0	464,401	434,146	255,863
Strategic petroleum reserve	274				
Appropriation, current		BA	....	**112,365**	....
				[w] –4,832	
Outlays		0	212,467	250,571	237,086
				[w] –2,174	[w] –2,658
Total Strategic petroleum reserve		BA	....	**107,533**	....
		0	212,467	248,397	234,428
SPR petroleum	274				
Appropriation, current		BA	**2,049,550**	....	....
Outlays		0	1,620,728	262,950	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Energy—Con.					
Energy Programs—Con.					
Energy information administration	276				
Appropriation, current		BA	**60,919**	**60,318** **[w] −2,594**	**59,651**
Outlays		O	54,055	62,424 [w] −1,674	59,282 [w] −920
Total Energy information administration		BA	**60,919**	**57,724**	**59,651**
		O	54,055	60,750	58,362
Emergency preparedness	274				
Appropriation, current		BA	**6,045**	**6,008** **[w] −258**	**6,044**
Outlays		O	4,758	4,800 [w] −181	6,044 [w] −77
Total Emergency preparedness		BA	**6,045**	**5,750**	**6,044**
		O	4,758	4,619	5,967
Economic regulation	276				
Appropriation, current		BA	**24,640**	**24,475** **[w] −1,052**	**21,850**
Outlays		O	25,033	25,000 [w] −663	21,850 [w] −389
Total Economic regulation		BA	**24,640**	**23,423**	**21,850**
		O	25,033	24,337	21,461
Federal Energy Regulatory Commission	276				
Appropriation, current, indefinite		BA	**97,304**	**95,568** **[w] −4,109**	**20,325**
Outlays		O	94,318	97,634 [w] −3,918	18,546 [w] −191
Total Federal Energy Regulatory Commission		BA	**97,304**	**91,459**	**20,325**
		O	94,318	93,716	18,355
Geothermal resources development fund	271				
Appropriation, current		BA	**121**	**72** **[w] −3**	**72**
Outlays		O	29,567	15,511 [w] −3	400
Total Geothermal resources development fund		BA	**121**	**69**	**72**
		O	29,567	15,508	400
Intragovernmental Funds:					
Geothermal resources development fund, FFB direct loans	271				
Authority to borrow, permanent, indefinite		BA	**6,162**	....	....
Outlays		O	−6,234	....	....
General and Special Funds:					
Clean coal technology	271				
Outlays		O	....	4,060	94,435

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Energy—Con.

Energy Programs—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Alternative fuels production	271				
Authority to borrow, permanent		BA	**1,169,895**	....	....
Outlays		O	1,574,135	72,741 [W] –9	....
Limitation on administrative expenses (P.L. 99-177)			....	(202) [A] (202) [W] (–9)	....
Total Alternative fuels production		BA	**1,169,895**	....	....
		O	1,574,135	72,732	....
Intragovernmental Funds:					
Alternative fuels production, FFB direct loans	271				
Authority to borrow, permanent, indefinite		BA	**246,900**	....	....
Outlays		O	–1,290,000	....	....
General and Special Funds:					
Payments to states under Federal Power Act	852				
Appropriation, permanent, indefinite		BA	**1,052**	**570**	**570**
Outlays		O	729	570	570
Nuclear waste disposal fund	271				
Appropriation, current		BA	**256,762**	**521,460** [W] **–22,423**	**769,349**
Authority to borrow, current		BA	**70,907**	....	....
Outlays		O	316,528	516,158 [W] –13,958	748,499 [W] –8,465
Total Nuclear waste disposal fund		BA	**327,669**	**499,037**	**769,349**
		O	316,528	502,200	740,034
Trust funds					
Advances for cooperative work	271				
Appropriation, permanent, indefinite		BA	**136,967**	**125,044**	**86,450**
Outlays		O	111,951	130,000	112,635
Total Federal funds Energy Programs		BA	**9,232,459**	**5,441,333**	**3,075,946**
		O	8,114,751	5,986,594	3,999,951
Total Trust funds Energy Programs		BA	**136,967**	**125,044**	**86,450**
		O	111,951	130,000	112,635

Power Marketing Administration

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Operation and maintenance, Alaska Power Administration	271				
Appropriation, current		BA	**3,233**	**3,281** [W] **–36**	**2,881**
Outlays		O	3,077	3,671 [W] –31	3,281 [W] –5
Total Operation and maintenance, Alaska Power Administration		BA	**3,233**	**3,245**	**2,881**
		O	3,077	3,640	3,276

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Energy—Con.				
Power Marketing Administration—Con.				
Public Enterprise Funds:				
Bonneville Power Administration fund 271				
Authority to borrow, permanent, indefinite	BA	**284,771**	**330,000**	**276,100**
Outlays	0	–260,884	–31,615 [w] –2,180	–43,100 [j] –134,000 [w] –297
Limitation on administrative expenses (P.L. 99-177)		....	(57,614) [w] (–2,477)	....
Limitation on direct loan obligations		(40,000)	(20,000)	(20,000)
Total Bonneville Power Administration fund	BA	**284,771**	**330,000**	**276,100**
	O	–260,884	–33,795	–177,397
General and Special Funds:				
Operation and maintenance, Southeastern Power Administration 271				
Appropriation, current	BA	**35,744**	....	**19,647**
Outlays	0	8,021	14,664 [w] –39	21,167 [w] –5
Limitation on administrative expenses (P.L. 99-177)		....	(1,033) [w] (–44)	....
Total Operation and maintenance, Southeastern Power Administration	BA	**35,744**	....	**19,647**
	0	8,021	14,625	21,162
Operation and maintenance, Southwestern Power Administration 271				
Appropriation, current	BA	**31,208**	**29,500** **[w] –309**	**25,337**
Outlays	0	29,473	38,600 [w] –272	38,580 [w] –37
Limitation on administrative expenses (P.L. 99-177)		....	(7,190) [w] (–308)	....
Total Operation and maintenance, Southwestern Power Administration	BA	**31,208**	**29,191**	**25,337**
	0	29,473	38,328	38,543

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Energy—Con.				
Power Marketing Administration—Con.				
Construction, rehabilitation, operation and maintenance, Western Area Power Administration 271				
Appropriation, current	BA	**218,230**	**196,610** [w] **–1,590**	**236,846**
Appropriation, permanent	BA	....	**890**	**3,463**
Outlays	O	189,957	270,337 [w] –1,399	281,900 [w] –191
Limitation on administrative expenses (P.L. 99-177)		....	(57,614) [w] (–1,590)	....
Total Construction, rehabilitation, operation and maintenance, Western Area Power Administration	BA O	**218,230** 189,957	**195,910** 268,938	**240,309** 281,709
Public Enterprise Funds:				
Colorado river basins power marketing fund, Western Area Power Administration 271				
Outlays	O	–69,561	–55,815 [w] –329	–44,800 [w] –44
Limitation on administrative expenses (P.L. 99-177)		....	(8,686) [w] (–373)	....
Total Colorado river basins power marketing fund, Western Area Power Administration	O	–69,561	–56,144	–44,844
Total Federal funds Power Marketing Administration	BA O	**573,186** –99,917	**558,346** 235,592	**564,274** 122,449
Departmental Administration				
Federal funds				
General and Special Funds:				
Departmental administration 276				
Appropriation, current	BA	....	.... [w] **–16,106**	**151,082**
Indefinite	BA	**356,034**	**410,366**	....
Outlays	O	367,737	397,000 [w] –8,798	149,901 [w] –7,308
Total Departmental administration	BA O	**356,034** 367,737	**394,260** 388,202	**151,082** 142,593
Special foreign currency program 271				
Outlays	O	10	....	....
Total Federal funds Departmental Administration	BA O	**356,034** 367,747	**394,260** 388,202	**151,082** 142,593

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Energy—Con.

Summary

Account and functional code			1985 actual	1986 estimate	1987 estimate
Federal funds:					
(As shown in detail above)		BA	**17,487,100**	**13,625,928**	**12,021,302**
		0	15,480,939	13,762,518	11,973,080
Deductions for offsetting receipts:					
Intrafund transactions	908	BA	*73,745*	*–118,000*	*–115,000*
		0			
Proprietary receipts from the public	271	BA	*–4,665,858*	*–3,269,279*	*–2,124,991*
		0			
		BA			[J] *478,196*
		0			
	276	BA	*–268,396*	*–293,698*	....
		0			
	301	BA	*–8,169*	*–10,500*	*–6,600*
		0			
Total Federal funds		BA	**12,618,422**	**9,934,451**	**10,252,907**
		0	10,612,261	10,071,041	10,204,685
Trust funds:					
(As shown in detail above)		BA	**136,967**	**125,044**	**86,450**
		0	111,951	130,000	112,635
Deductions for offsetting receipts:					
Proprietary receipts from the public	271	BA	*–136,967*	*–125,044*	*–86,450*
		0			
Total Trust funds		0	–25,016	4,956	26,185
Total Department of Energy		BA	**12,618,422**	**9,934,451**	**10,252,907**
		0	10,587,245	10,075,997	10,230,870

Department of Health and Human Services, except Social Security

Health Programs

Public Health Service

Food and Drug Administration

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Program expenses	554				
Appropriation, current		BA	**413,229**	**420,306** [w] **–18,073**	**423,600**
Outlays		0	396,868	417,179 [w] –15,724	421,717 [w] –2,349
Total Program expenses		BA	**413,229**	**402,233**	**423,600**
		0	396,868	401,455	419,368

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
Food and Drug Administration—Con.					
Buildings and facilities	554				
Appropriation, current		BA	**1,450**	**1,441**	
				[W] −62	
Outlays		O	20,854	11,951	7,000
				[W] −19	[W] −43
Total Buildings and facilities		BA	**1,450**	**1,379**	
		O	20,854	11,932	6,957
Public Enterprise Funds:					
Revolving fund for certification and other services	554				
Outlays		O	25		
				[W] −113	
Total Revolving fund for certification and other services		O	25	−113	
Total Federal funds Food and Drug Administration		BA	**414,679**	**403,612**	**423,600**
		O	417,747	413,274	426,325
Health Resources and Services Administration					
Federal funds					
General and Special Funds:					
Health resources and services:					
(Health care services)	551				
(Appropriation, current)		BA	**1,277,522**	**1,270,834**	**540,673**
					[K] 428,496
				[H] −54,838	
					[L] 190,100
				[W] −39,948	
(Outlays)		O	1,223,635	1,359,673	941,012
				[H] −27,044	[H] −27,794
					[L] 190,100
				[W] −23,355	[W] −16,599
(Limitation on direct loan obligations)			(1,000)	(1,000)	(1,000)
				[W] (−43)	
Total (Health care services)		BA	**1,277,522**	**1,176,048**	**1,159,269**
		O	1,223,635	1,309,274	1,086,719

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Health and Human Services, except Social Security—Con.

Health Programs—Con.

Public Health Service—Con.

Health Resources and Services Administration—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**232,200**	**227,100** [H] **–151,617** [W] **–9,765**	**3,401**
(Reappropriation)	BA	**5,000**	....	....
(Outlays)	O	195,573	226,084 [H] –78,308 [W] –3,067	162,092 [H] –78,309 [W] –6,698
Total (Education and training of health care work force)	BA O	**237,200** 195,573	**65,718** 144,709	**3,401** 77,085
Total Health resources and services	BA O	**1,514,722** 1,419,208	**1,241,766** 1,453,983	**1,162,670** 1,163,804
Indian health 551				
Appropriation, current	BA	**800,567**	**818,194** [H] **–24,262** [W] **–10,429**	**722,378**
Appropriation, permanent	BA	**709**	**3,000**	**3,000**
Outlays	O	820,824	768,608 [H] –16,745 [W] –8,511	733,056 [H] –5,520 [W] –1,582
Limitation on administrative expenses (P.L. 99-177)		....	(68,101) [W] (–2,928)	....
Limitation on program level (obligations) (P.L. 99-177)		....	(750,093) [W] (–7,501)	....
Total Indian health	BA O	**801,276** 820,824	**786,503** 743,352	**725,378** 725,954
Indian health facilities 551				
Appropriation, current	BA	**61,634**	**46,665** [H] **–38,642** [W] **–467**	....
Outlays	O	51,070	77,434 [H] –11,774 [W] –137	54,088 [H] –16,492 [W] –201
Limitation on program level (obligations) (P.L. 99-177)		....	(46,665) [W] (–467)	....
Total Indian health facilities	BA O	**61,634** 51,070	**7,556** 65,523	 37,395

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Health and Human Services, except Social Security—Con.

Health Programs—Con.

Public Health Service—Con.

Health Resources and Services Administration—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Public Enterprise Funds:				
Health professions graduate student loan insurance fund 553				
Outlays	0	−5,400	−2,334	10,290
Limitation on guaranteed loan commitments		....	(275,000)	(100,000)
Health education loans 553				
Outlays	0	−1,191	−600	−600
Nurse training fund 553				
Outlays	0	−186	−100	−75
Medical facilities guarantee and loan fund 551				
Appropriation, current	BA	**26,500**	**25,000**	**20,000**
Outlays	0	25,006	27,682	26,911
Intragovernmental Funds:				
Medical facilities guarantee and loan fund, FFB loan asset purchases 551				
Outlays	0	−9,137	−5,793	−6,138
Public Enterprise Funds:				
Health maintenance organization loan and loan guarantee fund 551				
Appropriation, current	BA	**1,720**	....	....
Outlays	0	−1,808	−621	−796
Intragovernmental Funds:				
Health maintenance organization loan and loan guarantee fund, FFB loan asset purchases 551				
Authority to borrow, permanent	BA	**2,940**	**700**	....
Outlays	0	−6,876	−3,817	−5,046
Total Federal funds Health Resources and Services Administration	BA	**2,408,792**	**2,061,525**	**1,908,048**
	0	2,291,510	2,277,275	1,951,699

Centers for Disease Control

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Disease control, research, and training:				
(Health care services) 551				
(Appropriation, current)	BA	**353,421**	**394,178** [H] **−25,713** [W] **−17,380**	**319,810**
(Outlays)	0	306,481	394,554 [H] −20,245 [W] −12,179	340,185 [H] −5,468 [W] −5,248
Total (Health care services)	BA	**353,421**	**351,085**	**319,810**
	0	306,481	362,130	329,469

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
Centers for Disease Control—Con.					
(Health research)	552				
(Appropriation, current)		BA	**57,109**	**67,683** [H] **−8,383** [W] **−2,910**	**60,036**
(Outlays)		O	62,008	76,668 [H] −838 [W] −1,837	70,614 [H] −7,545 [W] −1,073
Total (Health research)		BA	**57,109**	**56,390**	**60,036**
		O	62,008	73,993	61,996
Total Disease control, research, and training		BA	**410,530**	**407,475**	**379,846**
		O	368,489	436,123	391,465
Total Federal funds Centers for Disease Control		BA	**410,530**	**407,475**	**379,846**
		O	368,489	436,123	391,465
National Institutes of Health					
Federal funds					
General and Special Funds:					
National Cancer Institute:					
(Health research)	552				
(Appropriation, current)		BA	**1,154,700**	**1,219,899** [H] **−6,800** [W] **−52,456**	**1,127,479**
(Outlays)		O	1,075,927	1,185,944 [H] −3,332 [W] −26,509	1,169,228 [H] −3,468 [W] −25,947
Total (Health research)		BA	**1,154,700**	**1,160,643**	**1,127,479**
		O	1,075,927	1,156,103	1,139,813
(Education and training of health care work force)	553				
(Appropriation, current)		BA	**32,106**	**32,838** [W] **−1,412**	**30,610**
(Outlays)		O	24,355	31,026 [W] −28	32,540 [W] −1,384
Total (Education and training of health care work force)		BA	**32,106**	**31,426**	**30,610**
		O	24,355	30,998	31,156
Total National Cancer Institute		BA	**1,186,806**	**1,192,069**	**1,158,089**
		O	1,100,282	1,187,101	1,170,969

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
National Institutes of Health—Con.					
National Heart, Lung and Blood Institute:					
(Health research)	552				
(Appropriation, current)		BA	**763,644**	**814,791** [H] **−11,469** [W] **−35,036**	**750,326**
(Outlays)		0	698,367	820,733 [H] −5,045 [W] −16,200	782,638 [H] −6,424 [W] −18,836
Total (Health research)		BA	**763,644**	**768,286**	**750,326**
		0	698,367	799,488	757,378
(Education and training of health care work force)	553				
(Appropriation, current)		BA	**41,625**	**44,448** [W] **−1,911**	**35,371**
(Outlays)		0	38,067	49,328 [W] −69	44,105 [W] −1,842
Total (Education and training of health care work force)		BA	**41,625**	**42,537**	**35,371**
		0	38,067	49,259	42,263
Total National Heart, Lung and Blood Institute		BA	**805,269**	**810,823**	**785,697**
		0	736,434	848,747	799,641
National Institute of Dental Research:					
(Health research)	552				
(Appropriation, current)		BA	**95,645**	**98,118** [W] **−4,219**	**91,658**
(Outlays)		0	87,777	96,557 [W] −2,368	94,579 [W] −1,939
Total (Health research)		BA	**95,645**	**93,899**	**91,658**
		0	87,777	94,189	92,640
(Education and training of health care work force)	553				
(Appropriation, current)		BA	**5,043**	**5,164** [W] **−222**	**4,824**
(Outlays)		0	4,620	6,030 [W] −32	4,978 [W] −102
Total (Education and training of health care work force)		BA	**5,043**	**4,942**	**4,824**
		0	4,620	5,998	4,876
Total National Institute of Dental Research		BA	**100,688**	**98,841**	**96,482**
		0	92,397	100,187	97,516

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Health and Human Services, except Social Security—Con.

Health Programs—Con.

Public Health Service—Con.

National institutes of Health—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
National Institute of Diabetes and Digestive and Kidney Diseases:				
(Health research) 552				
(Appropriation, current)	BA	**515,933**	**541,827** [H] **−7,980** [W] **−23,299**	**398,334**
(Outlays)	0	458,685	541,246 [H] −3,612 [W] −10,841	415,791 [H] −4,368 [W] −12,458
Total (Health research)	BA	**515,933**	**510,548**	**398,334**
	0	458,685	526,793	398,965
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**27,643**	**27,513** [W] **−1,183**	**20,637**
(Outlays)	0	24,007	32,092 [W] −238	25,384 [W] −945
Total (Education and training of health care work force)	BA	**27,643**	**26,330**	**20,637**
	0	24,007	31,854	24,439
Total National Institute of Diabetes and Digestive and Kidney Diseases	BA	**543,576**	**536,878**	**418,971**
	0	482,692	558,647	423,404
National Institute of Neurological and Communicative Disorders and Stroke:				
(Health research) 552				
(Appropriation, current)	BA	**383,125**	**419,598** [H] **−9,554** [W] **−18,043**	**386,153**
(Outlays)	0	336,576	412,438 [H] −4,204 [W] −8,032	403,087 [H] −5,350 [W] −10,011
Total (Health research)	BA	**383,125**	**392,001**	**386,153**
	0	336,576	400,202	387,726

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.				
Health Programs—Con.				
Public Health Service—Con.				
National Institutes of Health—Con.				
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**13,760**	**13,764** [W] **−592**	**13,198**
(Outlays)	0	11,162	13,762 [W] −168	13,648 [W] −424
Total (Education and training of health care work force)	BA	**13,760**	**13,172**	**13,198**
	0	11,162	13,594	13,224
Total National Institute of Neurological and Communicative Disorders and Stroke	BA	**396,885**	**405,173**	**399,351**
	0	347,738	413,796	400,950
National Institute of Allergy and Infectious Diseases:				
(Health research) 552				
(Appropriation, current)	BA	**359,050**	**371,558** [H] **−1,513** [W] **−15,977**	**321,117**
(Outlays)	0	322,690	369,399 [H] −726 [W] −7,687	347,275 [H] −787 [W] −8,290
Total (Health research)	BA	**359,050**	**354,068**	**321,117**
	0	322,690	360,986	338,198
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**11,915**	**11,894** [W] **−511**	**9,434**
(Outlays)	0	10,736	11,807 [W] −73	10,203 [W] −438
Total (Education and training of health care work force)	BA	**11,915**	**11,383**	**9,434**
	0	10,736	11,734	9,765
Total National Institute of Allergy and Infectious Diseases	BA	**370,965**	**365,451**	**330,551**
	0	333,426	372,720	347,963

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Health and Human Services, except Social Security—Con.

Health Programs—Con.

Public Health Service—Con.

National Institutes of Health—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
National Institute of General Medical Sciences:				
(Health research) 552				
(Appropriation, current)	BA	**423,015**	**455,515** [H] **−7,358** [W] **−19,587**	**412,747**
(Outlays)	O	391,555	443,724 [H] −3,311 [W] −9,712	434,275 [H] −4,047 [W] −11,823
Total (Health research)	BA	**423,015**	**428,570**	**412,747**
	O	391,555	430,701	418,405
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**59,245**	**59,250** [W] **−2,548**	**58,786**
(Outlays)	O	55,000	57,570 [W] −271	61,955 [W] −329
Total (Education and training of health care work force)	BA	**59,245**	**56,702**	**58,786**
	O	55,000	57,299	61,626
Total National Institute of General Medical Sciences	BA	**482,260**	**485,272**	**471,533**
	O	446,555	488,000	480,031
National Institute of Child Health and Human Development:				
(Health research) 552				
(Appropriation, current)	BA	**298,325**	**306,783** [H] **−1,150** [W] **−13,192**	**294,106**
(Outlays)	O	274,284	305,556 [H] −500 [W] −6,026	301,865 [H] −650 [W] −7,166
Total (Health research)	BA	**298,325**	**292,441**	**294,106**
	O	274,284	299,030	294,049

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.				
Health Programs—Con.				
Public Health Service—Con.				
National Institutes of Health—Con.				
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**14,970**	**15,013** [W] **−646**	**15,013**
(Outlays)	0	10,400	14,225 [W] −72	14,225 [W] −574
Total (Education and training of health care work force)	BA 0	**14,970** 10,400	**14,367** 14,153	**15,013** 13,651
Total National Institute of Child Health and Human Development	BA 0	**313,295** 284,684	**306,808** 313,183	**309,119** 307,700
National Eye Institute:				
(Health research) 552				
(Appropriation, current)	BA	**176,192**	**189,603** [H] **−5,224** [W] **−8,153**	**174,160**
(Outlays)	0	170,198	177,780 [H] −2,350 [W] −3,716	181,700 [H] −2,874 [W] −4,182
Total (Health research)	BA 0	**176,192** 170,198	**176,226** 171,714	**174,160** 174,644
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**5,486**	**5,491** [W] **−236**	**5,041**
(Outlays)	0	4,701	4,706 [W] −491	4,621
Total (Education and training of health care work force)	BA 0	**5,486** 4,701	**5,255** 4,215	**5,041** 4,621
Total National Eye Institute	BA 0	**181,678** 174,899	**181,481** 175,929	**179,201** 179,265
National Institute of Environmental Health Sciences:				
(Health research) 552				
(Appropriation, current)	BA	**186,091**	**188,758** [W] **−8,117**	**179,605**
(Outlays)	0	177,389	186,288 [W] −4,748	182,850 [W] −3,369
Total (Health research)	BA 0	**186,091** 177,389	**180,641** 181,540	**179,605** 179,481

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Health and Human Services, except Social Security—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Health Programs—Con.				
Public Health Service—Con.				
National Institutes of Health—Con.				
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**8,728**	**8,720** [W] **−375**	**8,390**
(Outlays)	O	8,339	8,528 [W] −92	8,504 [W] −283
Total (Education and training of health care work force)	BA	**8,728**	**8,345**	**8,390**
	O	8,339	8,436	8,221
Total National Institute of Environmental Health Sciences	BA	**194,819**	**188,986**	**187,995**
	O	185,728	189,976	187,702
National Institute on Aging:				
(Health research) 552				
(Appropriation, current)	BA	**139,591**	**150,675** [H] **−2,679** [W] **−6,479**	**140,417**
(Outlays)	O	121,217	132,066 [H] −1,546 [W] −3,237	122,022 [H] −1,133 [W] −3,436
Total (Health research)	BA	**139,591**	**141,517**	**140,417**
	O	121,217	127,283	117,453
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**4,930**	**5,816** [W] **−250**	**5,412**
(Outlays)	O	4,266	5,074 [W] −21	4,703 [W] −35
Total (Education and training of health care work force)	BA	**4,930**	**5,566**	**5,412**
	O	4,266	5,053	4,668
Total National Institute on Aging	BA	**144,521**	**147,083**	**145,829**
	O	125,483	132,336	122,121
National Institute of Arthritis and Musculoskeletal and Skin Diseases:				
(Health research) 552				
(Appropriation, current)	BA	....	....	**100,417**
(Outlays)	O	....	....	105,907

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.				
Health Programs—Con.				
Public Health Service—Con.				
National Institutes of Health—Con.				
(Education and training of health care work force) 553				
(Appropriation, current)	BA			**6,316**
(Outlays)	0			6,601
Total National Institute of Arthritis and Musculoskeletal and Skin Diseases	BA			**106,733**
	0			112,508
Research resources:				
(Health research) 552				
(Appropriation, current)	BA	**302,922**	**304,561** [w] **−13,144**	**233,073**
(Outlays)	0	262,597	316,732 [w] −7,227	266,177 [w] −5,869
Total (Health research)	BA	**302,922**	**291,417**	**233,073**
	0	262,597	309,505	260,308
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**1,103**	**1,106**	**1,119**
(Outlays)	0	956	1,150 [w] −2	1,278 [w] −46
Total (Education and training of health care work force)	BA	**1,103**	**1,106**	**1,119**
	0	956	1,148	1,232
Total Research resources	BA	**304,025**	**292,523**	**234,192**
	0	263,553	310,653	261,540
John E. Fogarty International Center 552				
Appropriation, current	BA	**11,728**	**11,551** [w] **−497**	**11,305**
Outlays	0	14,547	8,744 [w] −278	9,993 [w] −219
Total John E. Fogarty International Center	BA	**11,728**	**11,054**	**11,305**
	0	14,547	8,466	9,774
National Library of Medicine:				
(Health research) 552				
(Appropriation, current)	BA	**15,650**	**16,502** [w] **−710**	**16,088**
(Outlays)	0	13,211	18,624 [w] −524	16,580 [w] −186
Total (Health research)	BA	**15,650**	**15,792**	**16,088**
	0	13,211	18,100	16,394

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.				
Health Programs—Con.				
Public Health Service—Con.				
National Institutes of Health—Con.				
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**40,260**	**41,306** [w] **−1,776**	**40,320**
(Outlays)	0	33,984	44,350 [w] −1,217	41,555 [w] −559
Total (Education and training of health care work force)	BA 0	**40,260** 33,984	**39,530** 43,133	**40,320** 40,996
Total National Library of Medicine	BA 0	**55,910** 47,195	**55,322** 61,233	**56,408** 57,390
Office of the Director:				
(Health research) 552				
(Appropriation, current)	BA	**35,833**	**114,676** [H] **−23,055** [w] **−4,931**	**34,538**
(Outlays)	0	24,459	52,058 [H] −17,061 [w] −1,809	68,091 [H] −5,994 [w] −3,122
Total (Health research)	BA 0	**35,833** 24,459	**86,690** 33,188	**34,538** 58,975
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**2,471**	**2,316** [w] **−100**	**2,163**
(Outlays)	0	2,340	2,164 [w] −89	2,137 [w] −11
Total (Education and training of health care work force)	BA 0	**2,471** 2,340	**2,216** 2,075	**2,163** 2,126
Total Office of the Director	BA 0	**38,304** 26,799	**88,906** 35,263	**36,701** 61,101
Buildings and facilities 552				
Appropriation, current	BA	**21,730**	**14,900** [w] **−641**	**8,000**
Outlays	0	15,912	24,969 [w] −215	14,814 [w] −426
Total Buildings and facilities	BA 0	**21,730** 15,912	**14,259** 24,754	**8,000** 14,388
Intragovernmental Funds:				
National Institutes of Health management fund 552				
Outlays	0	−7,476	....	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.				
Health Programs—Con.				
Public Health Service—Con.				
National Institutes of Health—Con.				
Service and supply fund 552				
Outlays	O	−584		
Total Federal funds National Institutes of Health	BA	**5,152,459**	**5,180,929**	**4,936,157**
	O	4,670,264	5,220,991	5,033,963
Alcohol, Drug Abuse, and Mental Health Administration				
Federal funds				
General and Special Funds:				
Alcohol, drug abuse, and mental health:				
(Health care services) 551				
(Appropriation, current)	BA	**502,998**	**502,500** [K] **10,000** [H] **−20,578** [W] **−22,038**	**490,000**
(Outlays)	O	501,295	493,634 [H] −15,228 [W] −17,843	496,565 [H] −5,350 [W] −3,230
Total (Health care services)	BA	**502,998**	**469,884**	**490,000**
	O	501,295	460,563	487,985
(Health research) 552				
(Appropriation, current)	BA	**379,127**	**415,360** [W] **−17,860**	**383,711**
(Outlays)	O	334,958	400,070 [W] −12,391	388,852 [W] −4,211
Total (Health research)	BA	**379,127**	**397,500**	**383,711**
	O	334,958	387,679	384,641
(Education and training of health care work force) 553				
(Appropriation, current)	BA	**42,996**	**41,000** [H] **−19,140** [W] **−1,763**	**18,529**
(Outlays)	O	46,454	39,491 [H] −4,785 [W] −474	18,778 [H] −14,355 [W] −993
Total (Education and training of health care work force)	BA	**42,996**	**20,097**	**18,529**
	O	46,454	34,232	3,430
Total Alcohol, drug abuse, and mental health	BA	**925,121**	**887,481**	**892,240**
	O	882,707	882,474	876,056

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
Alcohol, Drug Abuse, and Mental Health Administration—Con.					
Federal subsidy for Saint Elizabeths Hospital	551				
Appropriation, current		BA	**48,595**	**43,696** [w] **−1,879**	**36,353**
Outlays		0	50,392	31,325 [w] −3,720	34,017
Total Federal subsidy for Saint Elizabeths Hospital		BA	**48,595**	**41,817**	**36,353**
		0	50,392	27,605	34,017
Construction and renovation, Saint Elizabeths Hospital	551				
Outlays		0	4,704	4,382	5,690
Total Federal funds Alcohol, Drug Abuse, and Mental Health Administration		BA	**973,716**	**929,298**	**928,593**
		0	937,803	914,461	915,763
Office of Assistant Secretary for Health					
Federal funds					
General and Special Funds:					
Public health service management:					
(Health care services)	551				
(Appropriation, current)		BA	**42,664**	**26,415** [k] **14,689** [w] **−1,767**	**26,541** [k] **14,722**
(Outlays)		0	32,874	47,381 [w] −1,020	42,593 [w] −774
Total (Health care services)		BA	**42,664**	**39,337**	**41,263**
		0	32,874	46,361	41,819
(Health research)	552				
(Appropriation, current)		BA	**59,139**	**63,126** [w] **−2,714**	**68,797**
(Outlays)		0	57,112	73,701 [w] −1,540	69,670 [w] −1,160
Total (Health research)		BA	**59,139**	**60,412**	**68,797**
		0	57,112	72,161	68,510
Total Public health service management		BA	**101,803**	**99,749**	**110,060**
		0	89,986	118,522	110,329
Priority disease control and research projects:					
(Health care services)	551				
(Appropriation, current)		BA	....	....	**45,800**
(Outlays)		0	....	....	37,098

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Public Health Service—Con.					
Office of Assistant Secretary for Health—Con.					
(Health research)	552				
(Appropriation, current)		BA	....	....	**157,682**
(Outlays)		O	....	....	148,411
Total Priority disease control and research projects		BA	....	....	**203,482**
		O	....	....	185,509
Retirement pay and medical benefits for commissioned officers	551				
Appropriation, current		BA	....	....	**91,282**
				[w] **−2,708**	
Indefinite		BA	**71,774**	**83,514**	....
Outlays		O	70,345	82,436	84,938
				[w] −2,569	[w] −139
Total Retirement pay and medical benefits for commissioned officers		BA	**71,774**	**80,806**	**91,282**
		O	70,345	79,867	84,799
Scientific activities overseas (special foreign currency program)	552				
Outlays		O	1,947	2,034	2,102
Intragovernmental Funds:					
Service and supply fund	551				
Outlays		O	1,488	....	....
Trust funds					
Miscellaneous trust funds	551				
Appropriation, permanent, indefinite		BA	**24,062**	**8,124**	**8,124**
Outlays		O	16,643	13,128	9,725
Total Federal funds Office of Assistant Secretary for Health		BA	**173,577**	**180,555**	**404,824**
		O	163,766	200,423	382,739
Total Trust funds Office of Assistant Secretary for Health		BA	**24,062**	**8,124**	**8,124**
		O	16,643	13,128	9,725
Total Federal funds Public Health Service		BA	**9,533,753**	**9,163,394**	**8,981,068**
		O	8,849,579	9,462,547	9,101,954
Total Trust funds Public Health Service		BA	**24,062**	**8,124**	**8,124**
		O	16,643	13,128	9,725

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.					
Health Programs—Con.					
Other Health Programs					
Health Care Financing Administration					
Federal funds					
General and Special Funds:					
Grants to States for Medicaid	551				
Appropriation, current•		BA	**16,293,491**	**17,918,000**	**19,380,359** [L] **−1,172,237**
Indefinite		BA	....	**542,484**	....
Appropriation, permanent		BA	**5,552,000**	**5,980,000**	**6,500,000**
Outlays		0	22,654,604	24,685,652	25,880,359 [L] −1,172,237
Total Grants to States for Medicaid		BA 0	**21,845,491** 22,654,604	**24,440,484** 24,685,652	**24,708,122** 24,708,122
Payments to health care trust funds	571				
Appropriation, current		BA	**18,750,000**	**18,854,000**	**20,357,000** [J] **−1,299,000**
Appropriation, permanent, indefinite		BA	**444,000**	**419,000**	**422,000**
Outlays		0	19,246,000	19,123,000	20,779,000 [J] −1,299,000
Total Payments to health care trust funds		BA 0	**19,194,000** 19,246,000	**19,273,000** 19,123,000	**19,480,000** 19,480,000
Program management:					
(Health care services)	551				
(Appropriation, current)		BA	**75,176**	**73,533** [W] **−3,162**	**74,533**
(Outlays)		0	44,557	78,653 [W] −2,720	77,733 [W] −442
Total (Health care services)		BA 0	**75,176** 44,557	**70,371** 75,933	**74,533** 77,291
(Health research)	552				
(Appropriation, current)		BA	**22,971**	**16,000** [H] **−912** [W] **−688**	**10,000**
(Outlays)		0	15,904	10,880 [H] −620 [W] −468	6,800 [H] −292 [W] −220
Total (Health research)		BA 0	**22,971** 15,904	**14,400** 9,792	**10,000** 6,288
Total Program management		BA 0	**98,147** 60,461	**84,771** 85,725	**84,533** 83,579

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.				
Health Programs—Con.				
Other Health Programs—Con.				
Health Care Financing Administration—Con.				
Trust funds				
Federal hospital insurance trust fund 571				
Appropriation, current, indefinite	BA			**[J] 124,000**
Appropriation, permanent, indefinite	BA	**52,752,103**	**67,335,270**	**62,583,000**
Outlays	O	48,667,278	49,459,775	51,661,070
			[A] −1,949	[A] −731
				[J] −1,656,053
				[L] −600
			[W] −264,441	[W] −62,705
Limitation on administrative expenses (P.L. 99-177)		....	(1,096,410)	....
			[W] (−47,146)	
Total Federal hospital insurance trust fund	BA	**52,752,103**	**67,335,270**	**62,707,000**
	O	48,667,278	49,193,385	49,940,981
Federal supplementary medical insurance trust fund 571				
Appropriation, current	BA		**[J] 2,000**	**[J] −562,000**
Appropriation, permanent, indefinite	BA	**24,576,220**	**24,948,000**	**27,414,000**
Outlays	O	22,730,433	25,367,750	28,182,976
			[A] −4,383	[A] −1,427
			[J] −15,000	[J] −568,947
				[L] −4,200
			[W] −110,055	[W] −21,799
Limitation on administrative expenses (P.L. 99-177)		....	(973,348)	....
			[W] (−41,854)	
Total Federal supplementary medical insurance trust fund	BA	**24,576,220**	**24,950,000**	**26,852,000**
	O	22,730,433	25,238,312	27,586,603
Total Federal funds Health Care Financing Administration	BA	**41,137,638**	**43,798,255**	**44,272,655**
	O	41,961,065	43,894,377	44,271,701
Total Trust funds Health Care Financing Administration	BA	**77,328,323**	**92,285,270**	**89,559,000**
	O	71,397,711	74,431,697	77,527,584
Total Federal funds Health Programs	BA	**50,671,391**	**52,961,649**	**53,253,723**
	O	50,810,644	53,356,924	53,373,655
Total Trust funds Health Programs	BA	**77,352,385**	**92,293,394**	**89,567,124**
	O	71,414,354	74,444,825	77,537,309

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Health and Human Services, except Social Security—Con.

Social Security Administration

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Payments to social security trust funds	651				
Apprcoriation, current		BA	4,012,722	497,008	500,555
Appropriation, permanent, indefinite		BA	6,512,536	5,400,000	5,862,000
Outlays		O	7,186,895	9,117,008	6,362,555
Total Payments to social security trust funds		BA	10,525,258	5,897,008	6,362,555
		O	7,186,895	9,117,008	6,362,555
Special benefits for disabled coal miners	601				
Appropriation, current		BA	1,035,861	728,519	693,437
				[W] −280	
Appropriation, permanent		BA	....	270,000	270,000
Outlays		O	1,039,607	1,002,519	968,437
				[W] −280	
Total Special benefits for disabled coal miners		BA	1,035,861	998,239	963,437
		O	1,039,607	1,002,239	968,437
Supplemental security income program	609				
Appropriation, current		BA	9,442,362	7,556,440	8,230,068
					[J] −34,300
				[W] −32,669	
Appropriation, permanent		BA	....	2,345,769	2,339,250
Outlays		O	9,606,378	10,192,673	10,569,318
					[J] −34,300
				[W] −30,919	
Total Supplemental security income program		BA	9,442,362	9,869,540	10,535,018
		O	9,606,378	10,161,754	10,535,018
Assistance payments program	609				
Appropriation, current		BA	6,498,795	6,901,154	6,246,220
					[L] −236,742
				[W] −1,585	
Appropriation, permanent		BA	2,073,000	2,095,000	2,193,754
Outlays		O	8,624,871	9,075,118	8,440,169
					[L] −236,742
				[W] −1,589	
Total Assistance payments program		BA	8,571,795	8,994,569	8,203,232
		O	8,624,871	9,073,529	8,203,427
Child support enforcement	609				
Appropriation, current		BA	497,000	459,330	599,633
					[J] −41,000
				[W] −33,128	
Appropriation, permanent		BA	138,000	160,000	170,750
Outlays		O	598,991	696,731	770,500
					[J] −41,000
				[W] −32,870	[W] −312
Total Child support enforcement		BA	635,000	586,202	729,383
		O	598,991	663,861	729,188

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.				
Social Security Administration—Con.				
Refugee and entrant assistance 609				
Appropriation, current	BA	**444,372**	**427,861**	**373,998**
			[H] −87,551	
			[W] −18,398	
Outlays	O	441,807	425,096	394,481
			[H] −20,923	[H] −44,620
			[W] −11,323	[W] −7,075
Total Refugee and entrant assistance	BA	**444,372**	**321,912**	**373,998**
	O	441,807	392,850	342,786
Low income home energy assistance 609				
Appropriation, current	BA	**2,100,000**	**2,100,000**	....
				[K] 2,100,000
			[W] −90,300	
Outlays	O	2,141,254	2,100,000	2,100,000
			[W] −81,270	[W] −9,030
Total Low income home energy assistance	BA	**2,100,000**	**2,009,700**	**2,100,000**
	O	2,141,254	2,018,730	2,090,970
Payments to states from receipts for child support 609				
Appropriation, current	BA		**[W] −19**	
Appropriation, permanent	BA	**349**	**450**	**450**
Outlays	O	404	450	450
			[W] −19	
Total Payments to states from receipts for child support	BA	**349**	**431**	**450**
	O	404	431	450
Total Federal funds Social Security Administration	BA	**32,754,997**	**28,677,601**	**29,268,073**
	O	29,640,207	32,430,402	29,232,831
Human Development Services				
Federal funds				
General and Special Funds:				
Social services block grant 506				
Appropriation, current	BA	**2,725,000**	**2,700,000**	**2,700,000**
			[W] −116,100	
Outlays	O	2,742,835	2,713,469	2,700,177
			[W] −109,134	[W] −6,757
Total Social services block grant	BA	**2,725,000**	**2,583,900**	**2,700,000**
	O	2,742,835	2,604,335	2,693,420

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.					
Human Development Services—Con.					
Human development services	506				
Appropriation, current		BA	**2,007,154**	**2,015,922**	**845,519**
					[K] **1,102,359**
				[H] **−24,980**	
					[L] **30,500**
				[W] **−86,685**	
Outlays		0	1,910,140	1,977,006	1,997,380
				[H] −6,689	[H] −20,496
					[L] 6,710
				[W] −48,795	[W] −33,343
Total Human development services		BA	**2,007,154**	**1,904,257**	**1,978,378**
		0	1,910,140	1,921,522	1,950,251
Family social services	506				
Appropriation, current		BA	**770,397**	**777,237**	**817,837**
				[H] **−6,157**	
				[I] **100,228**	
				[W] **−16,407**	
Outlays		0	749,094	765,907	807,050
				[H] −1,416	[H] −4,504
				[I] 75,240	[I] 24,988
				[W] −11,788	[W] −4,388
Total Family social services		BA	**770,397**	**854,901**	**817,837**
		0	749,094	827,943	823,146
Work incentives	504				
Appropriation, current		BA	**266,760**	**220,000**	....
				[H] **−45,884**	
				[W] **−9,460**	
Outlays		0	278,816	225,211	33,537
				[H] −37,675	[H] −7,328
				[W] −7,829	[W] −1,456
Total Work incentives		BA	**266,760**	**164,656**	....
		0	278,816	179,707	24,753
Community services phaseout	506				
Appropriation, current		BA	**372,435**	**370,300**	**3,612**
				[H] **−182,139**	
				[W] **−15,923**	
Outlays		0	375,979	367,965	120,620
				[H] −123,902	[H] −53,807
				[W] −10,874	[W] −5,049
Total Community services phaseout		BA	**372,435**	**172,238**	**3,612**
		0	375,979	233,189	61,764

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Health and Human Services, except Social Security—Con.				
Human Development Services—Con.				
Public Enterprise Funds:				
Community development credit union revolving loan fund 452				
Outlays	0	−558	−500	−1,000
Total Federal funds Human Development Services	BA	**6,141,746**	**5,679,952**	**5,499,827**
	0	6,056,306	5,766,196	5,552,334
Departmental Management				
Federal funds				
General and Special Funds:				
General Departmental management 609				
Appropriation, current	BA	**133,000**	**144,449** ^{H} **−19,619** ^{W} **−6,211**	**108,319**
Outlays	0	125,619	141,530 ^{H} −17,461 ^{W} −5,528	113,063 ^{H} −1,079 ^{W} −342
Total General Departmental management	BA	**133,000**	**118,619**	**108,319**
	0	125,619	118,541	111,642
Office of the Inspector General 609				
Appropriation, current	BA	**62,391**	**42,219** ^{W} **−1,815**	**29,716**
Outlays	0	66,944	45,309 ^{W} −1,563	32,390 ^{W} −179
Total Office of the Inspector General	BA	**62,391**	**40,404**	**29,716**
	0	66,944	43,746	32,211
Office for Civil Rights 751				
Appropriation, current	BA	**17,850**	**16,000** ^{W} **−688**	**15,285**
Outlays	0	17,919	15,575 ^{W} −597	15,144 ^{W} −47
Total Office for Civil Rights	BA	**17,850**	**15,312**	**15,285**
	0	17,919	14,978	15,097
Office of Consumer Affairs 506				
Appropriation, current	BA	**2,096**	**1,988** ^{W} **−85**	**400**
Outlays	0	2,144	1,945 ^{W} −77	533 ^{W} −4
Total Office of Consumer Affairs	BA	**2,096**	**1,903**	**400**
	0	2,144	1,868	529

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Health and Human Services, except Social Security—Con.

Departmental Management—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Policy research	609				
Appropriation, current		BA	**9,750**	**6,500** [H] **−220** [W] **−280**	**5,000**
Outlays		0	8,837	8,312 [H] −101 [W] −129	6,354 [H] −83 [W] −109
Total Policy research		BA	**9,750**	**6,000**	**5,000**
		0	8,837	8,082	6,162
Intragovernmental Funds:					
Working capital fund	506				
Outlays		0	−1,161	3,287	....
Total Federal funds Departmental **Management**		BA	**225,087**	**182,238**	**158,720**
		0	220,302	190,502	165,641

Summary

Account and functional code			1985 actual	1986 estimate	1987 estimate
Federal funds:					
(As shown in detail above)		BA	**89,793,221**	**87,501,440**	**88,180,343**
		0	86,727,459	91,744,024	88,324,461
Deductions for offsetting receipts:					
Proprietary receipts from the public	551	BA	*−709*	*−3,000*	*−3,000*
		0			
Total Federal funds		BA	**89,792,512**	**87,498,440**	**88,177,343**
		0	86,726,750	91,741,024	88,321,461
Trust funds:					
(As shown in detail above)		BA	**77,352,385**	**92,293,394**	**89,567,124**
		0	71,414,354	74,444,825	77,537,309
Deductions for offsetting receipts:					
Intrafund transactions from off-budget accounts	651	BA	*−1,206,738*	*−383,000*	....
		0			
Proprietary receipts from the public	551	BA	*−22,825*	*−6,887*	*−6,887*
		0			
	571	BA	*−5,562,095*	*−5,771,000*	*−6,569,000*
		0			
		BA			[J] *−725,000*
		0			
	908	BA	*−38*	*−8,000*	*−8,000*
		0			
Total Trust funds		BA	**70,560,689**	**86,124,507**	**82,258,237**
		0	64,622,658	68,275,938	70,228,422
Interfund transactions	571	BA	**−19,246,000**	**−19,123,000**	**−20,779,000**
		0			

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Health and Human Services, except Social Security—Con.

Summary—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
	BA			
	O			[J] **1,299,000**
Total Department of Health and Human Services, except Social Security	BA	**141,107,201**	**154,499,947**	**150,955,580**
	O	132,103,408	140,893,962	139,069,883

Department of Health and Human Services, Social Security

Social Security

Trust funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
Federal old-age and survivors insurance trust fund 651				
Appropriation, current	BA			[J] **289,000**
Appropriation, permanent, indefinite	BA	[Y] **177,922,789**	[Y] **181,501,406**	[Y] **207,996,471**
Outlays	O		[W] –66,412	
		[Y] 171,613,552	[Y] 180,963,167	[Y] 191,784,351
Limitation on administrative expenses (P.L. 99-177)			[W] (–84,141) [Y] (1,956,770)	
Total Federal old-age and survivors insurance trust fund	BA	**177,922,789**	**181,501,406**	**208,285,471**
	O	171,613,552	180,896,755	191,784,351
Federal disability insurance trust fund 651				
Appropriation, current	BA			[J] **28,000**
Appropriation, permanent, indefinite	BA	[Y] **20,602,215**	[Y] **22,383,253**	[Y] **20,217,526**
Outlays	O		[W] –19,959	
		[Y] 19,372,263	[Y] 20,426,071	[Y] 21,088,444
Limitation on administrative expenses			[W] (–149,573)	
		[Y] (3,787,515)	[Y] (3,992,486)	[Y] (4,011,373)
Limitation on administrative expenses (P.L. 99-177)			[W] (–21,738) [Y] (505,541)	
Total Federal disability insurance trust fund	BA	**20,602,215**	**22,383,253**	**20,245,526**
	O	19,372,263	20,406,112	21,088,444
Total Trust funds Social Security	BA	**198,525,004**	**203,884,659**	**228,530,997**
	O	190,985,815	201,302,867	212,872,795

Summary

Account and functional code		1985 actual	1986 estimate	1987 estimate
Trust funds:				
(As shown in detail above)	BA	**198,525,004**	**203,884,659**	**228,530,997**
	O	190,985,815	201,302,867	212,872,795

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Health and Human Services, Social Security—Con.

Summary—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Deductions for offsetting receipts:					
Intertrust transactions between off-budget accounts	651	BA O	*[Y] −364,586*	*[Y] −182,000*	
Proprietary receipts from the public	651	BA O	*[Y] −126*		
Total Trust funds		BA	**198,160,292**	**203,702,659**	**228,530,997**
		O	190,621,103	201,120,867	212,872,795
Interfund transactions	651	BA O	[Y] **−7,186,896**	[Y] **−9,117,008**	[Y] **−6,362,555**
Total Department of Health and Human Services, Social Security		BA	**190,973,396**	**194,585,651**	**222,168,442**
		O	183,434,207	192,003,859	206,510,240

Department of Housing and Urban Development

Housing Programs

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Subsidized housing programs:					
(Community development)	451				
(Appropriation, current)		BA	....	**150,000** [H] **−143,550** [W] **−6,450**	....
(Outlays)		O	15,092	288,000 [H] −43,065 [W] −1,935	315,629 [H] −71,787 [W] −3,213
Total (Community development)		O	15,092	243,000	240,629
(Housing assistance)	604				
(Appropriation, current)		BA		[H] **−4,269,881**	
(Contract authority, current)		BA	**10,759,483**	**9,815,608** [W] **−422,071**	....
(Liquidation of contract authority, current)				[J] (720,600)	[J] (1,719,500)
(Liquidation of contract authority, permanent)			(11,736,483)	(12,511,619)	(12,476,216)
(Outlays)		O	9,993,980	10,641,819 [H] 408 [J] −720,600 [W] −408	10,656,216 [H] 8,398 [J] −1,719,500 [W] −7,898
Total (Housing assistance)		BA	**10,759,483**	**5,123,656**	....
		O	9,993,980	9,921,219	8,937,216
Total Subsidized housing programs		BA	**10,759,483**	**5,123,656**	....
		O	10,009,072	10,164,219	9,177,845
Troubled projects operating subsidy	604				
Outlays		O	−26,617	21,700	−13,500

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Housing and Urban Development—Con.					
Housing Programs—Con.					
Congregate services program	604				
Appropriation, current		BA	**4,144**	**2,670** [H] **−2,555** [W] **−115**	....
Outlays		0	4,647	5,900	6,368 [H] −1,022 [W] −46
Total Congregate services program		BA	**4,144**	....	....
		0	4,647	5,900	5,300
Housing counseling assistance	506				
Appropriation, current		BA	**3,500**	**3,462** [H] **−3,313** [W] **−149**	....
Outlays		0	3,357	3,500	3,500 [H] −3,313 [W] −82
Total Housing counseling assistance		BA	**3,500**	....	....
		0	3,357	3,500	105
Manufactured home inspection and monitoring	376				
Appropriation, permanent, indefinite		BA	**5,335**	**6,032**	**6,032**
Outlays		0	6,155	6,634 [W] −247	6,730 [J] 377 [W] −12
Total Manufactured home inspection and monitoring		BA	**5,335**	**6,032**	**6,032**
		0	6,155	6,387	7,095
Interstate land sales	376				
Appropriation, permanent, indefinite		BA	**574**	**800**	**1,400**
Outlays		0	569	812 [W] −34	1,400
Total Interstate land sales		BA	**574**	**800**	**1,400**
		0	569	778	1,400

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Housing and Urban Development—Con.

Housing Programs—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Public Enterprise Funds:					
Federal Housing Administration fund	371				
Appropriation, current		BA	**80,386**	**74,387**	**27,040**
Authority to borrow, permanent, indefinite		BA	**19,126**	**48,693**	**51,946**
Outlays		0	−653,669	−1,423,957 [W] −10,386	−1,909,775 [W] −424
Limitation on administrative expenses (P.L. 99-177)			(281,912)	(251,404) [W] (−10,810)	(259,783)
Limitation on direct loan obligations			(65,448)	(88,241) [W] (−3,794)	(73,800)
Limitation on guaranteed loan commitments			(50,900,000)	(60,000,000) [W] (−2,580,000)	(50,900,000)
Total Federal Housing Administration fund		BA	**99,512**	**123,080**	**78,986**
		0	−653,669	−1,434,343	−1,910,199
Housing for the elderly or handicapped fund	371				
Authority to borrow, current, indefinite		BA	**503,713**	**525,939** [A] **−503,517** [W] **−22,422**	....
Outlays		0	500,970	490,248 [A] −75 [W] −168	502,389 [A] −112,744 [W] −4,679
Limitation on direct loan obligations			(600,000)	(631,033) [A] (−549,257) [W] (−27,134)	(30,262)
Total Housing for the elderly or handicapped fund		BA	**503,713**	....	....
		0	500,970	490,005	384,966
Nonprofit sponsor assistance	604				
Outlays		0	−236	−150 [A] −117 [W] −13	−120 [A] −190 [W] −22
Limitation on direct loan obligations			(1,880)	(1,000) [A] (−467) [W] (−43)	....
Total Nonprofit sponsor assistance		0	−236	−280	−332
Community disposal operations fund	451				
Outlays		0	−200	−149	−119
Rental housing assistance fund	604				
Outlays		0	7,404	2,500 [W] −108	−2,000
Total Rental housing assistance fund		0	7,404	2,392	−2,000
Total Federal funds Housing Programs		BA	**11,376,261**	**5,253,568**	**86,418**
		0	9,851,452	9,260,109	7,650,561

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Housing and Urban Development—Con.				
Public and Indian Housing Programs				
Federal funds				
General and Special Funds:				
Payments for operation of low income housing projects 604				
Appropriation, current	BA	**1,138,500**	**1,210,600** [w] **−52,056**	**1,171,543**
Reappropriation	BA	**263,157**	....	....
Outlays	O	1,205,020	1,337,000	1,323,000 [w] −26,028
Total Payments for operation of low income housing projects	BA	**1,401,657**	**1,158,544**	**1,171,543**
	O	1,205,020	1,337,000	1,296,972
Public Enterprise Funds:				
Low-rent public housing--loans and other expenses 604				
Authority to borrow, current, indefinite	BA		[J] **−499,400**	[J] **355,700**
Authority to borrow, permanent, indefinite	BA	**14,265,738**	**1,237,500**	**1,365,800**
Outlays	O	13,885,412	1,379,400 [J] −499,400	1,506,500 [J] 355,700
Total Low-rent public housing--loans and other expenses	BA	**14,265,738**	**738,100**	**1,721,500**
	O	13,885,412	880,000	1,862,200
Intragovernmental Funds:				
Low-rent public housing, FFB direct loans 604				
Outlays	O	−32,327	−34,743	−36,980
Total Federal funds Public and Indian Housing Programs	BA	**15,667,395**	**1,896,644**	**2,893,043**
	O	15,058,105	2,182,257	3,122,192
Government National Mortgage Association				
Federal funds				
General and Special Funds:				
Payment of participation sales insufficiencies 371				
Appropriation, current	BA	**255**	....	....
Public Enterprise Funds:				
Management and liquidating functions fund 371				
Outlays	O	−553,601	−429,715 [w] −45	−409,612
Total Management and liquidating functions fund	O	−553,601	−429,760	−409,612

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Housing and Urban Development—Con.				
Government National Mortgage Association—Con.				
Guarantees of mortgage-backed securities 371				
Outlays	O	−234,009	−267,920 [w] −109	−323,785 [w] −9
Limitation on administrative expenses (P.L. 99-177)		(2,389)	(2,753) [w] (−118)	(2,684)
Limitation on guaranteed loan commitments		(68,250,000)	(68,250,000) [w] (−2,934,750)	(68,250,000)
Total Guarantees of mortgage-backed securities	O	−234,009	−268,029	−323,794
Participation sales fund:				
(Mortgage credit and deposit insurance) 371				
(Outlays)	O	−36,899	−35,349	−23,876
(Other advancement of commerce) 376				
(Outlays)	O	−14,467	−13,549	88,743
(Community development) 451				
(Outlays)	O	258	102	2,577
(Higher education) 502				
(Outlays)	O	−27,050	−24,027	−14,153
(Health research) 552				
(Outlays)	O	−1,136	−1,111	−1,207
(Veterans housing) 704				
(Outlays)	O	−23,655	−21,744	−23,576
Total Participation sales fund	O	−102,949	−95,678	28,508
Total Federal funds Government National Mortgage Association	BA	**255**		
	O	−890,559	−793,467	−704,898
Solar Energy and Energy Conservation Bank				
Federal funds				
General and Special Funds:				
Assistance for solar and conservation improvements 272				
Appropriation, current	BA	**15,000**		
Outlays	O	26,956	36,000 [w] −12	8,806
Total Assistance for solar and conservation improvements	BA	**15,000**		
	O	26,956	35,988	8,806

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate

Department of Housing and Urban Development—Con.

Community Planning and Development

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Community development grants	451				
Appropriation, current		BA	**3,472,000**	**3,124,800**	....
					[K] 2,124,800
				[W] −134,366	
Outlays		0	3,816,865	3,577,400	3,150,000
				[W] −2,687	[W] −51,059
Total Community development grants		BA	**3,472,000**	**2,990,434**	**2,124,800**
		0	3,816,865	3,574,713	3,098,941
Intragovernmental Funds:					
Community development grants, FFB direct loans	451				
Authority to borrow, current, indefinite		BA			**[A] −77,400**
					[W] −4,600
Authority to borrow, permanent, indefinite		BA	**102,579**	**108,000**	**155,000**
Outlays		0	81,089	46,000	81,000
					[A] −76,500
					[W] −4,500
Limitation on direct loan obligations			(225,000)	(222,525)	....
				[A] (−162,956)	
				[W] (−9,569)	
Total Community development grants, FFB direct loans		BA	**102,579**	**108,000**	**73,000**
		0	81,089	46,000	....
General and Special Funds:					
Urban development action grants	451				
Appropriation, current		BA	**440,000**	**330,000**	....
				[H] −206,378	
				[W] −14,190	
Outlays		0	496,685	500,000	460,000
				[H] −10,990	[H] −44,010
				[W] −710	[W] −2,840
Total Urban development action grants		BA	**440,000**	**109,432**	....
		0	496,685	488,300	413,150
Urban homesteading	451				
Appropriation, current		BA	**12,000**	**11,868**	....
					[K] 12,000
				[W] −510	
Outlays		0	12,205	15,698	15,000
				[W] −381	[W] −129
Total Urban homesteading		BA	**12,000**	**11,358**	**12,000**
		0	12,205	15,317	14,871
Planning assistance	451				
Outlays		0	−124	517	....
Neighborhood self-help development program	451				
Outlays		0	....	15	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Housing and Urban Development—Con.

Community Planning and Development—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Miscellaneous appropriations 451				
Outlays	0	−452	379	....
Public Enterprise Funds:				
Rehabilitation loan fund 451				
Outlays	0	−8,738	39,795	−38,624
			[A] −39,929	[A] −25,053
			[W] −3,255	[W] −1,247
Limitation on administrative expenses (P.L. 99-177)		....	(19,700)	....
			[W] (−847)	
Limitation on direct loan obligations (P.L. 99-177).		....	(85,000)	....
			[A] (−70,344)	
			[W] (−3,655)	
Total Rehabilitation loan fund	0	−8,738	−3,389	−64,924
Urban renewal programs 451				
Liquidation of contract authority, permanent		(22,902)	....	....
Outlays	0	6,587	34,603	....
Revolving fund (liquidating programs) 451				
Appropriation, current	BA	**490**	....	**1,079**
Outlays	0	−28,822	−29,616	−16,949
Intragovernmental Funds:				
Revolving fund (liquidating programs), FFB direct loans 451				
Outlays	0	....	−1,300	−1,625
Total Federal funds Community Planning and Development	BA	**4,027,069**	**3,219,224**	**2,210,879**
	0	4,375,295	4,125,539	3,443,464

Policy Development and Research

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Research and technology 451				
Appropriation, current	BA	**16,900**	**16,900**	....
				[K] 18,900
			[W] −727	
Outlays	0	18,399	17,095	17,405
			[W] −218	[W] −291
Total Research and technology	BA	**16,900**	**16,173**	**18,900**
	0	18,399	16,877	17,114

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Housing and Urban Development—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Fair Housing and Equal Opportunity					
Federal funds					
General and Special Funds:					
Fair housing assistance	751				
Appropriation, current		BA	**6,700**	**6,626** **[w] −285**	**5,000**
Outlays		0	5,462	8,500 [w] −58	7,100 [w] −150
Total Fair housing assistance		BA	**6,700**	**6,341**	**5,000**
		0	5,462	8,442	6,950
Fair housing initiatives	751				
Appropriation, current		BA			**[J] 7,000**
Outlays		0			[J] 4,200
Total Federal funds Fair Housing and Equal Opportunity		BA	**6,700**	**6,341**	**12,000**
		0	5,462	8,442	11,150
Management and Administration					
Federal funds					
General and Special Funds:					
Salaries and expenses, Including transfer of funds:					
(Community development)	451				
(Appropriation, current)		BA	**192,455**	**198,516** **[w] −8,869**	**193,462**
(Outlays)		0	147,695	167,244 [w] −7,357	167,054 [w] −1,512
Total (Community development)		BA	**192,455**	**189,647**	**193,462**
		0	147,695	159,887	165,542
(Housing assistance)	604				
(Appropriation, current)		BA	**70,167**	**111,390** **[w] −4,418**	**92,826**
(Outlays)		0	116,718	148,110 [w] −3,623	136,188 [w] −795
Total (Housing assistance)		BA	**70,167**	**106,972**	**92,826**
		0	116,718	144,487	135,393
(Federal law enforcement activities)	751				
(Appropriation, current)		BA	**25,694**	**26,521** **[w] −1,179**	**27,768**
(Outlays)		0	12,169	14,514 [w] −990	14,955 [w] −189
Total (Federal law enforcement activities)		BA	**25,694**	**25,342**	**27,768**
		0	12,169	13,524	14,766
Total Salaries and expenses, Including transfer of funds		BA	**288,316**	**321,961**	**314,056**
		0	276,582	317,898	315,701
New community assistance grants	451				
Outlays		0	661	225	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Housing and Urban Development—Con.					
Management and Administration—Con.					
Intragovernmental Funds:					
Working capital fund	451				
Outlays		O	−2,139	....	....
Trust funds					
Gifts and bequests	451				
Appropriation, permanent, indefinite		BA	....	**5**	**5**
Outlays		O	....	5	5
Total Federal funds Management and Administration		BA	**288,316**	**321,961**	**314,056**
		O	275,104	318,123	315,701
Total Trust funds Management and Administration		BA	....	**5**	**5**
		O	....	5	5
Summary					
Federal funds:					
(As shown in detail above)		BA	**31,397,896**	**10,713,911**	**5,535,296**
		O	28,720,214	15,153,868	13,864,090
Trust funds:					
(As shown in detail above)		BA	....	**5**	**5**
		O	....	5	5
Total Department of Housing and Urban Development		BA	**31,397,896**	**10,713,916**	**5,535,301**
		O	28,720,214	15,153,873	13,864,095
Department of the Interior					
Land and Minerals Management					
Bureau of Land Management					
Federal funds					
General and Special Funds:					
Management of lands and resources	302				
Appropriation, current		BA	**455,453**	**396,175**	**375,685** [j] **3,400**
				[w] **−17,036**	
Outlays		O	448,994	404,502	378,758 [j] 3,260
				[w] −14,629	[w] −2,579
Total Management of lands and resources		BA	**455,453**	**379,139**	**379,085**
		O	448,994	389,873	379,439

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.					
Land and Minerals Management—Con.					
Bureau of Land Management—Con.					
Construction and access	302				
Appropriation, current		BA	**2,028**	**1,395** [w] **–60**	**1,200**
Outlays		0	2,152	2,638 [w] –17	1,200 [w] –43
Total Construction and access		BA	**2,028**	**1,335**	**1,200**
		0	2,152	2,621	1,157
Payments in lieu of taxes	852				
Appropriation, current		BA	**102,900**	**104,370** [w] **–4,488**	**105,000**
Outlays		0	103,277	104,373 [w] –4,488	105,000
Total Payments in lieu of taxes		BA	**102,900**	**99,882**	**105,000**
		0	103,277	99,885	105,000
Oregon and California grant lands	302				
Appropriation, current		BA	**56,939**	**55,777** [w] **–2,398**	**51,160**
Outlays		0	52,786	55,777 [w] –1,775	51,160 [w] –623
Total Oregon and California grant lands		BA	**56,939**	**53,379**	**51,160**
		0	52,786	54,002	50,537
Special acquisition of lands and minerals	302				
Appropriation, current		BA	**14,700**	....	....
Authority to borrow, permanent		BA	**3,042**	**1,300**	**1,300**
Outlays		0	18,896	1,300	1,300
Total Special acquisition of lands and minerals		BA	**17,742**	**1,300**	**1,300**
		0	18,896	1,300	1,300
Land acquisition	302				
Appropriation, current		BA	**4,695**	**2,286** [w] **–98**	....
Outlays		0	2,597	3,250 [H] –3,000 [w] –136	1,000
Total Land acquisition		BA	**4,695**	**2,188**	....
		0	2,597	114	1,000
Range improvements	302				
Appropriation, current, indefinite		BA	**10,000**	**10,000** [w] **–430**	**8,506**
Outlays		0	10,273	10,000 [w] –263	8,506 [w] –167
Total Range improvements		BA	**10,000**	**9,570**	**8,506**
		0	10,273	9,737	8,339

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.				
Land and Minerals Management—Con.				
Bureau of Land Management—Con.				
Recreation development and operation of recreation facilities 302				
Outlays	0	1		
Service charges, deposits, and forfeitures 302				
Appropriation, current, indefinite	BA	**5,230**	**4,247**	**5,195**
Outlays	0	3,404	4,247 [w] −127	5,195 [w] −47
Total Service charges, deposits, and forfeitures	BA	**5,230**	**4,247**	**5,195**
	0	3,404	4,120	5,148
Operation and maintenance of quarters 302				
Appropriation, permanent, indefinite	BA		**250**	**250**
Outlays	0		100	240
Miscellaneous permanent appropriations:				
(Conservation and land management) 302				
(Appropriation, current)	BA		[w] **−241**	
(Appropriation, permanent, indefinite)	BA	**6,471**	**5,600**	**5,600**
(Outlays)	0	6,703	5,600 [w] −232	5,600
Total (Conservation and land management)	BA	**6,471**	**5,359**	**5,600**
	0	6,703	5,368	5,600
(Other general purpose fiscal assistance) 852				
(Appropriation, current)	BA		[w] **−3,400**	
(Appropriation, permanent, indefinite)	BA	**134,480**	**9,554**	**45,573**
(Outlays)	0	133,237	19,725 [w] −2,466	45,573 [w] −943
Total (Other general purpose fiscal assistance)	BA	**134,480**	**6,154**	**45,573**
	0	133,237	17,259	44,630
Total Miscellaneous permanent appropriations	BA	**140,951**	**11,513**	**51,173**
	0	139,940	22,627	50,230
Intragovernmental Funds:				
Working capital fund 302				
Outlays	0	1,209	−790	−1,449
Trust funds				
Miscellaneous trust funds 302				
Appropriation, current, indefinite	BA		**100**	**100**
Appropriation, permanent, indefinite	BA	**3,667**	**600**	**600**
Outlays	0	2,616	700	700
Total Miscellaneous trust funds	BA	**3,667**	**700**	**700**
	0	2,616	700	700
Total Federal funds Bureau of Land Management	BA	**795,938**	**562,803**	**602,869**
	0	783,529	583,589	600,941
Total Trust funds Bureau of Land Management	BA	**3,667**	**700**	**700**
	0	2,616	700	700

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.				
Land and Minerals Management—Con.				
Minerals Management Service				
Federal funds				
General and Special Funds:				
Minerals and royalty management 302				
Appropriation, current	BA	**160,796**	**167,010** [w] **−7,181**	**160,100**
Indefinite	BA			[j] **200**
Outlays	O	160,069	177,641 [w] −4,847	162,476 [j] 200 [w] −2,334
Total Minerals and royalty management	BA	**160,796**	**159,829**	**160,300**
	O	160,069	172,794	160,342
Payments to States from receipts under Mineral Leasing Act 852				
Appropriation, current, indefinite	BA	**1,051**	.... [a] **800**	**800**
Appropriation, permanent, indefinite	BA	**537,523**	**574,391**	**550,686**
Outlays	O	538,574	574,391 [a] 800 [w] −23,895	551,486
Total Payments to States from receipts under Mineral Leasing Act	BA	**538,574**	**575,191**	**551,486**
	O	538,574	551,296	551,486
Total Federal funds Minerals Management Service	BA	**699,370**	**735,020**	**711,786**
	O	698,643	724,090	711,828
Office of Surface Mining Reclamation and Enforcement				
Federal funds				
General and Special Funds:				
Regulation and technology 302				
Appropriation, current	BA	**80,347**	**85,142** [w] **−3,640**	**100,880**
Outlays	O	75,209	83,222 [w] −2,139	94,584 [w] −1,501
Total Regulation and technology	BA	**80,347**	**81,502**	**100,880**
	O	75,209	81,083	93,083

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.				
Land and Minerals Management—Con.				
Office of Surface Mining Reclamation and Enforcement—Con.				
Abandoned mine reclamation fund 302				
Appropriation, current	BA	**296,941**	**206,141** [w] **−8,864**	**190,520**
Outlays	0	196,999	237,798 [w] −2,454	251,718 [w] −1,773
Total Abandoned mine reclamation fund	BA	**296,941**	**197,277**	**190,520**
	0	196,999	235,344	249,945
Total Federal funds Office of Surface Mining Reclamation and Enforcement	BA	**377,288**	**278,779**	**291,400**
	0	272,208	316,427	343,028
Total Federal funds Land and Minerals Management	BA	**1,872,596**	**1,576,602**	**1,606,055**
	0	1,754,380	1,624,106	1,655,797
Total Trust funds Land and Minerals Management	BA	**3,667**	**700**	**700**
	0	2,616	700	700
Water and Science				
Bureau of Reclamation				
Federal funds				
General and Special Funds:				
Construction program 301				
Appropriation, current	BA	**754,300**	**521,700** [w] **−22,433**	**576,759**
Outlays	0	661,572	705,000 [w] −15,700	631,201 [w] −6,738
Total Construction program	BA	**754,300**	**499,267**	**576,759**
	0	661,572	689,300	624,463
Loan program 301				
Appropriation, current	BA	**67,537**	**39,315** [w] **−1,691**	**38,021** [J] **1,920**
Outlays	0	59,531	50,000 [w] −1,014	49,009 [J] 1,920 [w] −677
Limitation on direct loan obligations		(68,500)	(48,315) [w] (−2,078)	(43,806) [J] (1,920)
Total Loan program	BA	**67,537**	**37,624**	**39,941**
	0	59,531	48,986	50,252

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.					
Water and Science—Con.					
Bureau of Reclamation—Con.					
General investigations	301				
Appropriation, current		BA	**35,566**	**34,035** **[w] –1,464**	**27,820**
Outlays		O	33,504	36,000 [w] –1,084	29,820 [w] –383
Total General investigations		BA	**35,566**	**32,571**	**27,820**
		O	33,504	34,916	29,437
Emergency fund	301				
Appropriation, current		BA	**1,000**	**1,000** **[w] –43**	**1,000**
Outlays		O	2,091	1,000 [w] –26	1,000 [w] –17
Total Emergency fund		BA	**1,000**	**957**	**1,000**
		O	2,091	974	983
Operation and maintenance	301				
Appropriation, current		BA	**149,689**	**132,665** **[w] –5,705**	**150,000**
Outlays		O	141,291	138,000 [w] –4,611	144,000 [w] –1,574
Total Operation and maintenance		BA	**149,689**	**126,960**	**150,000**
		O	141,291	133,389	142,426
General administrative expenses	301				
Appropriation, current		BA	**58,917**	**49,200** **[w] –2,116**	**51,200**
Outlays		O	48,937	65,000 [w] –1,906	54,000 [w] –210
Total General administrative expenses		BA	**58,917**	**47,084**	**51,200**
		O	48,937	63,094	53,790
Colorado River dam fund, Boulder Canyon project	301				
Appropriation, current, indefinite		BA		**[w] –897**	
Appropriation, permanent, indefinite		BA	**23,602**	**20,850**	**52,913**
Outlays		O	11,500	20,850 [w] –376	50,600
Total Colorado River dam fund, Boulder Canyon project		BA	**23,602**	**19,953**	**52,913**
		O	11,500	20,474	50,600
Miscellaneous permanent appropriations	852				
Appropriation, permanent, indefinite		BA	**272**	**350**	**350**
Outlays		O	285	350 [w] –7	350
Total Miscellaneous permanent appropriations		BA	**272**	**350**	**350**
		O	285	343	350

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.				
Water and Science—Con.				
Bureau of Reclamation—Con.				
Public Enterprise Funds:				
Lower Colorado River Basin development fund 301				
Outlays	O	6,143	....	....
			[w] −4,312	
Total Lower Colorado River Basin development fund	O	6,143	−4,312	....
Upper Colorado River Basin fund 301				
Outlays	O	−13,366	....	....
			[w] −1,238	
Total Upper Colorado River Basin fund	O	−13,366	−1,238	....
Intragovernmental Funds:				
Working capital fund 301				
Appropriation, current, indefinite	BA	....	....	**6,400**
Outlays	O	....	....	6,400
Trust funds				
Reclamation trust funds 301				
Appropriation, permanent, indefinite	BA	**7,681**	**16,741**	**28,062**
Outlays	O	2,332	16,741	28,062
Total Federal funds Bureau of Reclamation	BA	**1,090,883**	**764,766**	**906,383**
	O	951,488	985,926	958,701
Total Trust funds Bureau of Reclamation	BA	**7,681**	**16,741**	**28,062**
	O	2,332	16,741	28,062
Geological Survey				
Federal funds				
General and Special Funds:				
Surveys, investigations and research 306				
Appropriation, current	BA	**416,368**	**429,369**	**395,500**
			[w] −18,463	
Outlays	O	445,429	440,934	393,202
			[w] −20,960	[w] −1,046
Total Surveys, investigations and research	BA	**416,368**	**410,906**	**395,500**
	O	445,429	419,974	392,156
Barrow area gas operation, exploration, and development 271				
Outlays	O	−2	205	....
Exploration of national petroleum reserve in Alaska 271				
Outlays	O	5,962	3,959	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.					
Water and Science—Con.					
Geological Survey—Con.					
Trust funds					
Contributed funds	306				
Appropriation, permanent, indefinite		BA	**50**	**500**	**500**
Outlays		0	−1	551	500
Total Federal funds Geological Survey		BA	**416,368**	**410,906**	**395,500**
		0	451,389	424,138	392,156
Total Trust funds Geological Survey		BA	**50**	**500**	**500**
		0	−1	551	500
Bureau of Mines					
Federal funds					
eneral and Special Funds:					
Mines and minerals	306				
Appropriation, current		BA	**135,959**	**133,449** [w] **−5,738**	**107,100**
Outlays		0	149,197	149,716 [w] −3,884	114,818 [w] −1,854
Total Mines and minerals		BA	**135,959**	**127,711**	**107,100**
		0	149,197	145,832	112,964
ublic Enterprise Funds:					
Helium fund	306				
Outlays		0	−4,632	−1,107 [w] −103	−994
Total Helium fund		0	−4,632	−1,210	−994
Trust funds					
Contributed funds	306				
Appropriation, permanent, indefinite		BA	**495**	**500**	**500**
Outlays		0	615	533	507
Total Federal funds Bureau of Mines		BA	**135,959**	**127,711**	**107,100**
		0	144,565	144,622	111,970
Total Trust funds Bureau of Mines		BA	**495**	**500**	**500**
		0	615	533	507
Total Federal funds Water and Science		BA	**1,643,210**	**1,303,383**	**1,408,983**
		0	1,547,442	1,554,686	1,462,827
Total Trust funds Water and Science		BA	**8,226**	**17,741**	**29,062**
		0	2,946	17,825	29,069

e footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.					
Fish and Wildlife and Parks					
United States Fish and Wildlife Service					
Federal funds					
General and Special Funds:					
Resource management	303				
Appropriation, current		BA	**308,438**	**299,415** [W] **−12,886**	**285,127**
Outlays		O	301,235	294,363 [W] −10,510	276,573 [W] −2,568
Total Resource management		BA	**308,438**	**286,529**	**285,127**
		O	301,235	283,853	274,005
Construction	303				
Appropriation, current		BA	**28,258**	**21,168** [W] **−910**	**3,113**
Outlays		O	21,757	26,511 [W] −187	27,571 [W] −723
Total Construction		BA	**28,258**	**20,258**	**3,113**
		O	21,757	26,324	26,848
Land acquisition	303				
Appropriation, current		BA	**70,218**	**40,426** [H] **−4,951** [W] **−1,738**	**1,500**
Outlays		O	57,326	51,713 [H] −2,971 [W] −913	48,312 [H] −1,980 [W] −825
Total Land acquisition		BA	**70,218**	**33,737**	**1,500**
		O	57,326	47,829	45,507
Migratory bird conservation account	303				
Appropriation, current		BA	**21,266**	**14,910** [W] **−587**	....
Indefinite		BA			[J] **2,100**
Appropriation, permanent, indefinite		BA	**14,535**	**14,400**	**14,400**
Outlays		O	32,086	35,254 [W] −1,216	14,937 [J] 2,037 [W] −45
Total Migratory bird conservation account		BA	**35,801**	**28,723**	**16,500**
		O	32,086	34,038	16,929
National wildlife refuge fund	852				
Appropriation, current		BA	**5,645**	**5,611** [W] **−241**	**5,645**
Appropriation, permanent, indefinite		BA	**7,425**	**7,040**	**7,040**
Outlays		O	12,815	12,600 [W] −333	12,237 [W] −211
Total National wildlife refuge fund		BA	**13,070**	**12,410**	**12,685**
		O	12,815	12,267	12,026

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of the Interior—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Fish and Wildlife and Parks—Con.					
United States Fish and Wildlife Service—Con.					
Operation and maintenance of quarters	303				
Appropriation, permanent		BA	**1,454**	**1,500**	**1,600**
Outlays		0	939	1,525	1,617
				[w] −43	[w] −22
Total Operation and maintenance of quarters		BA	**1,454**	**1,500**	**1,600**
		0	939	1,482	1,595
Miscellaneous permanent appropriations	303				
Appropriation, permanent, indefinite		BA	**124,177**	**121,029**	**95,200**
Outlays		0	147,710	112,979	108,700
				[w] −2,637	[w] −2,567
Total Miscellaneous permanent appropriations		BA	**124,177**	**121,029**	**95,200**
		0	147,710	110,342	106,133
Trust funds					
Sport fish restoration	303				
Appropriation, permanent, indefinite		BA	....	**122,167**	**161,465**
Outlays		0	....	90,000	125,531
				[w] −1,835	[w] −3,418
Total Sport fish restoration		BA	....	**122,167**	**161,465**
		0	....	88,165	122,113
Contributed funds	303				
Appropriation, permanent, indefinite		BA	**4,075**	**4,165**	**4,165**
Outlays		0	3,610	3,903	3,922
				[w] −6	
Total Contributed funds		BA	**4,075**	**4,165**	**4,165**
		0	3,610	3,897	3,922
Total Federal funds United States Fish and Wildlife Service		BA	**581,416**	**504,186**	**415,725**
		0	573,868	516,135	483,043
Total Trust funds United States Fish and Wildlife Service		BA	**4,075**	**126,332**	**165,630**
		0	3,610	92,062	126,035

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of the Interior—Con.

Fish and Wildlife and Parks—Con.

National Park Service

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Operation of the national park system	303				
Appropriation, current		BA	**636,318**	**623,996**	**596,482**
				[A] 13,470	
					[J] 59,000
				[W] –26,832	
Outlays		0	621,448	626,000	602,000
				[A] 10,776	[A] 2,694
					[J] 47,000
				[W] –21,612	[W] –5,371
Total Operation of the national park system		BA	**636,318**	**610,634**	**655,482**
		0	621,448	615,164	646,323
National recreation and preservation	303				
Appropriation, current		BA	**11,111**	**11,029**	**9,547**
				[W] –474	
Outlays		0	10,578	12,232	9,695
				[W] –427	[W] –47
Total National recreation and preservation		BA	**11,111**	**10,555**	**9,547**
		0	10,578	11,805	9,648
Construction	303				
Appropriation, current		BA	**101,545**	**113,436**	**29,114**
				[H] –8,713	
				[W] –4,878	
Outlays		0	82,354	106,000	97,000
				[H] –1,703	[H] –3,502
				[W] –1,120	[W] –4,128
Limitation on direct loan obligations			....	(1,500)	....
				[W] (–65)	
Total Construction		BA	**101,545**	**99,845**	**29,114**
		0	82,354	103,177	89,370
Road construction	303				
Outlays		0	679	797	....
John F. Kennedy Center for the Performing Arts	303				
Appropriation, current		BA	**4,529**	**4,771**	....
					[K] 4,771
				[W] –205	
Outlays		0	4,725	4,509	4,771
				[W] –149	[W] –56
Total John F. Kennedy Center for the Performing Arts		BA	**4,529**	**4,566**	**4,771**
		0	4,725	4,360	4,715
Urban park and recreation fund	303				
Outlays		0	43,985	13,715	3,800

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.				
Fish and Wildlife and Parks—Con.				
National Park Service—Con.				
Illinois and Michigan canal national heritage-corridor Commission 303				
Appropriation, current	BA	**245**	**248** [w] **−11**	....
Outlays	O	2	248 [w] −5	243 [w] −6
Total Illinois and Michigan canal national heritage-corridor Commission	BA	**245**	**237**	....
	O	2	243	237
Jefferson national expansion memorial commission 303				
Appropriation, current	BA	**73**	**75** [w] **−3**	....
Outlays	O	9	75 [w] −2	64 [w] −1
Total Jefferson national expansion memorial commission	BA	**73**	**72**	....
	O	9	73	63
National park system visitor facilities fund 303				
Appropriation, current	BA	**5,880**	....	....
Outlays	O	6,494	4,547	....
Land acquisition 303				
Appropriation, current	BA	**199,164**	**97,810** [H] **−55,207** [w] **−4,206**	**15,270**
Contract authority, current	BA		[H] **−28,710** [w] **−1,290**	[J] **−30,000**
Contract authority, permanent	BA	....	**30,000**	**30,000**
Outlays	O	251,783	188,395 [H] −13,379 [w] −1,474	133,655 [H] −11,041 [w] −4,022
Total Land acquisition	BA	**199,164**	**38,397**	**15,270**
	O	251,783	173,542	118,592
Planning, development, and operation of recreation facilities 303				
Outlays	O	140	91	....
Historic preservation fund 303				
Appropriation, current	BA	**25,480**	**24,795** [H] **−18,523** [w] **−1,066**	....
Outlays	O	28,628	25,042 [H] −6,668 [w] −330	9,761 [H] −5,557 [w] −736
Total Historic preservation fund	BA	**25,480**	**5,206**	....
	O	28,628	18,044	3,468

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.				
Fish and Wildlife and Parks—Con.				
National Park Service—Con.				
Operation and maintenance of quarters 303				
Appropriation, permanent, indefinite	BA	**8,034**	**9,584**	**9,987**
Outlays	O	7,947	9,469 [w] −337	9,987 [w] −75
Total Operation and maintenance of quarters	BA	**8,034**	**9,584**	**9,987**
	O	7,947	9,132	9,912
Commemorative activities fund 303				
Outlays	O	26	8	....
Miscellaneous permanent appropriations 303				
Appropriation, permanent, indefinite	BA	**1,028**	**1,271**	**1,271**
Outlays	O	1,116	1,369 [w] −27	1,271 [w] −28
Total Miscellaneous permanent appropriations	BA	**1,028**	**1,271**	**1,271**
	O	1,116	1,342	1,243
Trust funds				
Construction (trust fund) 401				
Liquidation of contract authority, current		(28,000)	(10,300)	....
Outlays	O	3,588	19,300 [w] −82	14,600 [w] −361
Limitation on program level (obligations) (P.L. 99-177)		....	(10,300) [w] (−443)	....
Total Construction (trust fund)	O	3,588	19,218	14,239
Miscellaneous trust funds 303				
Appropriation, permanent, indefinite	BA	**11,920**	**13,205**	**8,833**
Outlays	O	7,580	17,533	8,833
Total Federal funds National Park Service	BA	**993,407**	**780,367**	**725,442**
	O	1,059,914	956,040	887,371
Total Trust funds National Park Service	BA	**11,920**	**13,205**	**8,833**
	O	11,168	36,751	23,072
Total Federal funds Fish and Wildlife and Parks	BA	**1,574,823**	**1,284,553**	**1,141,167**
	O	1,633,782	1,472,175	1,370,414
Total Trust funds Fish and Wildlife and Parks	BA	**15,995**	**139,537**	**174,463**
	O	14,778	128,813	149,107

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.					
Indian Affairs					
Bureau of Indian Affairs					
Federal funds					
General and Special Funds:					
Operation of Indian programs:					
(Conservation and land management)	302				
(Appropriation, current)		BA	124,101	113,562 [W] −4,883	101,082
(Outlays)		O	123,892	114,000 [W] −3,827	103,560 [W] −1,056
Total (Conservation and land management)		BA	124,101	108,679	101,082
		O	123,892	110,173	102,504
(Area and regional development)	452				
(Appropriation, current)		BA	521,944	509,506 [A] 1,500 [W] −21,909	509,323
(Outlays)		O	532,898	487,000 [A] 1,500 [W] −17,888	509,170 [W] −4,064
Total (Area and regional development)		BA	521,944	489,097	509,323
		O	532,898	470,612	505,106
(Elementary, secondary, and vocational education)	501				
(Appropriation, current)		BA	269,644	268,860 [W] −11,561	251,655
(Outlays)		O	296,948	309,000 [W] −9,417	250,270 [W] −2,144
Total (Elementary, secondary, and vocational education)		BA	269,644	257,299	251,655
		O	296,948	299,583	248,126
Total Operation of Indian programs		BA	915,689	855,075	862,060
		O	953,738	880,368	855,736
Construction	452				
Appropriation, current		BA	95,342	100,448 [A] 25,000 [W] −4,530	59,155
Appropriation, permanent		BA	....	4,900	....
Reappropriation		BA	12,850	....	....
Outlays		O	118,349	113,000 [W] −1,041	98,000 [W] −1,133
Total Construction		BA	108,192	125,818	59,155
		O	118,349	111,959	96,867

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.					
Indian Affairs—Con.					
Bureau of Indian Affairs—Con.					
Road construction	452				
Appropriation, current		BA	**5,880**		
Outlays		O	3,676	−1,500 [w] −43	
Total Road construction		BA	**5,880**		
		O	3,676	−1,543	
Payment to the Alaska Native escrow account	806				
Appropriation, current		BA		**7,830** **[w] −337**	
Outlays		O		7,830 [w] −337	
Total Payment to the Alaska Native escrow account		BA		**7,493**	
		O		7,493	
Payment to Utah Paiute Economic Development and Tribal Government Fund	452				
Appropriation, current		BA	**2,500**		
Outlays		O	2,500		
Operation and maintenance of quarters	452				
Appropriation, permanent		BA	**7,698**	**8,000**	**9,000**
Outlays		O	2,407	7,000 [w] −73	9,000 [w] −271
Total Operation and maintenance of quarters		BA	**7,698**	**8,000**	**9,000**
		O	2,407	6,927	8,729
Miscellaneous permanent appropriations:					
(Area and regional development)	452				
(Appropriation, permanent, indefinite)		BA	**45,962**	**49,000**	**52,000**
(Outlays)		O	37,109	40,200 [w] −1,370	49,000 [w] −737
Total (Area and regional development)		BA	**45,962**	**49,000**	**52,000**
		O	37,109	38,830	48,263
(Other general government)	806				
(Appropriation, current)		BA		**[w] −86**	
(Appropriation, permanent, indefinite)		BA	**928**	**2,000**	**2,000**
(Outlays)		O	1,072	2,000 [w] −85	2,000 [w] −1
Total (Other general government)		BA	**928**	**1,914**	**2,000**
		O	1,072	1,915	1,999
Total Miscellaneous permanent appropriations		BA	**46,890**	**50,914**	**54,000**
		O	38,181	40,745	50,262

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.				
Indian Affairs—Con.				
Bureau of Indian Affairs—Con				
Public Enterprise Funds:				
Revolving fund for loans 452				
Outlays	0	6,844	5,716 [w] −701	903
Limitation on direct loan obligations		(18,600)	(16,300) [w] (−701)	(16,320)
Total Revolving fund for loans	0	6,844	5,015	903
Indian loan guaranty and insurance fund 452				
Appropriation, current	BA	...	**2,197** [w] **−94**	**2,485**
Outlays	0	1,944	5,900 [w] −49	6,370 [w] −45
Limitation on guaranteed loan commitments (P.L. 99-177)		...	(62,720) [w] (−2,697)	(30,000)
Total Indian loan guaranty and insurance fund	BA	...	**2,103**	**2,485**
	0	1,944	5,851	6,325
Liquidation of Hoonah Housing Project revolving fund 452				
Outlays	0	10	15	...
Trust funds				
Cooperative fund (papago) 452				
Appropriation, permanent, indefinite	BA	**5,700**	**1,060**	**1,150**
Outlays	0	37	...	...
Miscellaneous trust funds:				
(Area and regional development) 452				
(Appropriation, current, indefinite)	BA	**460**	**4,000**	**1,000**
(Appropriation, permanent, indefinite)	BA	**423,971**	**428,457**	**466,453**
(Outlays)	0	347,846	436,757	483,000
Total (Area and regional development)	BA	**424,431**	**432,457**	**467,453**
	0	347,846	436,757	483,000
Total Federal funds Bureau of Indian Affairs	BA	**1,086,849**	**1,049,403**	**986,700**
	0	1,127,649	1,056,830	1,018,822
Total Trust funds Bureau of Indian Affairs	BA	**430,131**	**433,517**	**468,603**
	0	347,883	436,757	483,000

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.					
Territorial and International Affairs					
Territorial and International Affairs					
Federal funds					
General and Special Funds:					
Administration of territories	806				
Appropriation, current		BA	**77,444**	**79,894**	**71,529**
				[W] −3,435	
Outlays		0	79,826	95,922	87,642
				[W] −2,788	[W] −647
Total Administration of territories		BA	**77,444**	**76,459**	**71,529**
		0	79,826	93,134	86,995
Intragovernmental Funds:					
Administration of territories, FFB direct loans	806				
Outlays		0	−1,343	−1,441	−1,550
General and Special Funds:					
Trust Territory of the Pacific Islands	806				
Appropriation, current		BA	**98,795**	**79,890**	**13,050**
				[W] −3,435	
Outlays		0	105,839	100,246	32,903
				[W] −3,001	[W] −434
Total Trust Territory of the Pacific Islands		BA	**98,795**	**76,455**	**13,050**
		0	105,839	97,245	32,469
Compact of free association	806				
Appropriation, current		BA	....	....	**27,920**
				[A] 178,750	
Indefinite		BA		**[A] 92,193**	
Appropriation, permanent, indefinite		BA	....	....	**116,350**
Outlays		0	....	....	144,270
				[A] 240,943	[A] 18,000
Total Compact of free association		BA	....	**270,943**	**144,270**
		0	....	240,943	162,270
Micronesian claims fund, Trust Territory of the Pacific Islands	806				
Outlays		0	1,306	....	....
Payments to the United States territories, fiscal assistance	852				
Appropriation, current, indefinite		BA		**[W] −2,580**	
Appropriation, permanent, indefinite		BA	**53,351**	**60,000**	**55,000**
Outlays		0	53,351	60,000	55,000
				[W] −2,580	
Total Payments to the United States territories, fiscal assistance		BA	**53,351**	**57,420**	**55,000**
		0	53,351	57,420	55,000
Total Federal funds Territorial and International Affairs		BA	**229,590**	**481,277**	**283,849**
		0	238,979	487,301	335,184

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.					
Departmental Offices					
Office of the Secretary					
Federal funds					
General and Special Funds:					
Salaries and expenses	306				
Appropriation, current		BA	**44,633**	**43,151**	**42,816**
				[w] –1,855	
Outlays		0	48,413	62,708	41,000
				[w] –1,665	[w] –190
Total Salaries and expenses		BA	**44,633**	**41,296**	**42,816**
		0	48,413	61,043	40,810
Office of the Secretary (special foreign currency program)	306				
Appropriation, current		BA	**1,960**	**994**	....
				[w] –43	
Outlays		0	318	2,000	2,000
				[w] –4	[w] –39
Total Office of the Secretary (special foreign currency program)		BA	**1,960**	**951**	....
		0	318	1,996	1,961
Construction management	306				
Appropriation, current		BA	**735**	**775**	**684**
				[w] –33	
Outlays		0	1,170	900	750
				[w] –30	[w] –3
Total Construction management		BA	**735**	**742**	**684**
		0	1,170	870	747
Operation and maintenance of quarters	306				
Appropriation, permanent		BA	**14**	**86**	**67**
Outlays		0	6	80	66
General and Special Funds:					
Miscellaneous expiring appropriations:					
(Water resources)	301				
(Outlays)		0	85	300	....
(Conservation and land management)	302				
(Outlays)		0	10	....	....
Total Miscellaneous expiring appropriations		0	95	300	....
Intragovernmental Funds:					
Working capital fund	306				
Outlays		0	720	....	....
Total Federal funds Office of the Secretary		BA	**47,342**	**43,075**	**43,567**
		0	50,722	64,289	43,584

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of the Interior—Con.

Departmental Offices—Con.

Office of the Solicitor

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Office of the Solicitor	306				
Appropriation, current		BA	**20,562**	**20,256** [w] **–871**	**20,800**
Outlays		0	20,755	20,053 [w] –800	20,592 [w] –71
Total Office of the Solicitor		BA	**20,562**	**19,385**	**20,800**
		0	20,755	19,253	20,521

Office of Inspector General

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Office of Inspector General	306				
Appropriation, current		BA	**16,908**	**16,117** [w] **–693**	**16,300**
Outlays		0	16,676	18,561 [w] –648	16,295 [w] –45
Total Office of Inspector General		BA	**16,908**	**15,424**	**16,300**
		0	16,676	17,913	16,250
Total Federal funds Departmental Offices		BA	**84,812**	**77,884**	**80,667**
		0	88,153	101,455	80,355

Summary

Account and functional code			1985 actual	1986 estimate	1987 estimate
Federal funds:					
(As shown in detail above)		BA	**6,491,880**	**5,773,102**	**5,507,421**
		0	6,390,385	6,296,553	5,923,399
Deductions for offsetting receipts:					
Intrafund transactions	908	BA 0	....	*–6,025*	*–6,025*
Proprietary receipts from the public	301	BA 0	*–93,660*	*–101,344*	*–143,149*
	302	BA 0	*–1,297,392*	*–1,367,071*	*–1,472,931*
		BA 0			
	303	BA 0	*–55,259*	*–59,740*	*–61,373*
		BA 0			[3] *–42,650*
	306	BA 0	*–17*	*–91*	*–72*
	452	BA 0	*–53,660*	*–52,969*	*–56,969*
	908	BA 0	*–16,542*	*–8,507*	*–11,307*
Total Federal funds		BA	**4,975,350**	**4,177,355**	**3,712,945**
		0	4,873,855	4,700,806	4,128,923

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Interior—Con.					
Summary—Con.					
Trust funds:					
(As shown in detail above)		BA	**458,019**	**591,495**	**672,828**
		O	368,223	584,095	661,876
Deductions for offsetting receipts:					
Proprietary receipts from the public	301	BA O	*−7,681*	*−16,741*	*−28,062*
	302	BA O	*−3,667*	*−700*	*−700*
	303	BA O	*−4,075*	*−4,165*	*−4,165*
	306	BA O	*−545*	*−1,000*	*−1,000*
	452	BA O	*−271,040*	*−243,400*	*−254,500*
	908	BA O	*−102,530*	*−105,120*	*−105,120*
Total Trust funds		BA	**68,481**	**220,369**	**279,281**
		O	−21,315	212,969	268,329
Interfund transactions	806	BA O	**−27,879**	**−50,000**	**−75,000**
Total Department of the Interior		BA	**5,015,952**	**4,347,724**	**3,917,226**
		O	4,824,661	4,863,775	4,322,252
Department of Justice					
General Administration					
Federal funds					
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current		BA	**72,052**	**70,800**	....
					[K] **73,708**
				[W] **−3,044**	
Outlays		O	73,009	64,124	72,234
				[W] −2,602	[W] −442
Total Salaries and expenses		BA	**72,052**	**67,756**	**73,708**
		O	73,009	61,522	71,792
Intragovernmental Funds:					
Working capital fund	751				
Outlays		O	−1,518	−70	−70
Total Federal funds General Administration		BA	**72,052**	**67,756**	**73,708**
		O	71,491	61,452	71,722

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Justice—Con.

United States Parole Commission

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Salaries and expenses 751				
Appropriation, current	BA	**9,173**	**9,800**	....
				[K] **10,420**
			[W] **−421**	
Outlays	O	8,609	9,342	9,899
			[W] −369	[W] −52
Total Salaries and expenses	BA	**9,173**	**9,379**	**10,420**
	O	8,609	8,973	9,847

Legal Activities

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Salaries and expenses, General Legal Activities 752				
Appropriation, current	BA	**197,575**	**205,000**	....
				[K] **584,099**
			[W] **−8,815**	
Outlays	O	191,742	194,684	554,894
			[W] −7,426	[W] −1,389
Total Salaries and expenses, General Legal Activities	BA	**197,575**	**196,185**	**584,099**
	O	191,742	187,258	553,505
Salaries and expenses, Antitrust Division 752				
Appropriation, current	BA	**43,119**	**44,500**	....
				[K] **46,609**
				[J] **3,400**
			[W] **−1,914**	
Outlays	O	41,357	42,275	45,071
				[J] 3,330
			[W] −1,462	[W] −452
Total Salaries and expenses, Antitrust Division	BA	**43,119**	**42,586**	**50,009**
	O	41,357	40,813	47,949
Salaries and expenses, Foreign Claims Settlement Commission 153				
Appropriation, current	BA	**929**	**700**	....
				[K] **596**
			[W] **−30**	
Outlays	O	640	715	611
			[W] −28	[W] −2
Total Salaries and expenses, Foreign Claims Settlement Commission	BA	**929**	**670**	**596**
	O	640	687	609
Payment of Vietnam and U.S.S. Pueblo prisoner of war claims 153				
Outlays	O	....	10	15

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Justice—Con.				
Legal Activities—Con.				
Salaries and expenses, Oversight of bankruptcy cases 752				
Appropriation, current	BA	**453,139**	**332,000**	....
				[K] 11,663
			[W] −14,276	
Outlays	0	438,535	315,400	11,080
			[W] −12,668	[W] −1,608
Total Salaries and expenses, Oversight of bankruptcy cases	BA	**453,139**	**317,724**	**11,663**
	0	438,535	302,732	9,472
Salaries and expenses, United States Marshals Service 752				
Appropriation, current	BA	....	**150,000**	....
				[K] 176,759
			[W] −6,450	
Outlays	0	....	142,500	167,921
			[W] −5,889	[W] −586
Total Salaries and expenses, United States Marshals Service	BA	....	**143,550**	**176,759**
	0	....	136,611	167,335
Support of United States prisoners 752				
Appropriation, current	BA	**57,921**	**57,000**	....
				[K] 58,180
			[W] −2,451	
Outlays	0	61,928	63,300	58,262
			[W] −1,483	[W] −968
Total Support of United States prisoners	BA	**57,921**	**54,549**	**58,180**
	0	61,928	61,817	57,294
Fees and expenses of witnesses 752				
Appropriation, current	BA	**42,591**	**47,400**	....
				[K] 34,676
			[W] −2,038	
Outlays	0	36,661	42,683	33,010
			[W] −1,647	[W] −393
Total Fees and expenses of witnesses	BA	**42,591**	**45,362**	**34,676**
	0	36,661	41,036	32,617
Salaries and expenses, Community Relations Service 752				
Appropriation, current	BA	**33,092**	**29,900**	....
				[K] 32,009
			[W] −1,286	
Outlays	0	37,708	26,823	30,409
			[W] −749	[W] −537
Total Salaries and expenses, Community Relations Service	BA	**33,092**	**28,614**	**32,009**
	0	37,708	26,074	29,872

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate

Department of Justice—Con.

Legal Activities—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Assets forfeiture fund	752				
Appropriation, current		BA		[w] −1,290	
Indefinite		BA	......	**30,000**	**35,000**
Outlays		0	−25,028	25,231	34,900
				[w] −1,263	[w] −27
Total Assets forfeiture fund		BA	......	**28,710**	**35,000**
		0	−25,028	23,968	34,873
Total Federal funds Legal Activities		BA	**828,366**	**857,950**	**982,991**
		0	783,543	821,006	933,541

Interagency Law Enforcement

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Organized crime drug enforcement	751				
Appropriation, current		BA	**2,178**	**1,000**	......
				[w] **−43**	
Outlays		0	74,674	12,100	......
				[w] −43	
Total Organized crime drug enforcement		BA	**2,178**	**957**	......
		0	74,674	12,057	......

Federal Bureau of Investigation

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current		BA	**1,170,388**	**1,209,000**	......
					[x] **1,278,410**
				[w] **−51,987**	
Outlays		0	1,071,992	1,233,271	1,257,847
				[w] −44,962	[w] −7,532
Total Salaries and expenses		BA	**1,170,388**	**1,157,013**	**1,278,410**
		0	1,071,992	1,188,309	1,250,315

Drug Enforcement Administration

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current		BA	**353,794**	**380,000**	......
					[x] **411,329**
				[w] **−16,340**	
Outlays		0	331,884	381,948	403,102
				[w] −14,609	[w] −1,768
Total Salaries and expenses		BA	**353,794**	**363,660**	**411,329**
		0	331,884	367,339	401,334

Trust funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
Drug abuse prevention and control gift fund	751				
Outlays		0	......	2	......

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Justice—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Immigration and Naturalization Service					
Federal funds					
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current		BA	**591,617**	**593,800**	....
					[K] **609,393**
				[W] **-25,533**	
Outlays		O	557,127	550,570	566,735
				[W] -21,831	[W] -4,319
Total Salaries and expenses		BA	**591,617**	**568,267**	**609,393**
		O	557,127	528,739	562,416
Federal Prison System					
Federal funds					
General and Special Funds:					
Salaries and expenses	753				
Appropriaton, current		BA	**513,427**	**556,900**	....
					[K] **598,807**
				[A] **10,620**	
				[W] **-23,947**	
Outlays		O	504,117	541,568	579,263
				[A] 9,770	[A] 850
				[W] -22,033	[W] -2,321
Total Salaries and expenses		BA	**513,427**	**543,573**	**598,807**
		O	504,117	529,305	577,792
National Institute of Corrections	754				
Appropriation, current		BA	**14,000**	**11,000**	....
					[K] **9,495**
				[W] **-473**	
Outlays		O	11,025	19,549	12,648
				[H] -3,315	
				[W] -193	[W] -280
Total National Institute of Corrections		BA	**14,000**	**10,527**	**9,495**
		O	11,025	16,041	12,368
Buildings and facilities	753				
Appropriation, current		BA	**86,043**	**46,063**	....
					[K] **159,152**
				[W] **-1,981**	
Outlays		O	46,340	116,961	104,758
				[W] -536	[W] -1,189
Total Buildings and facilities		BA	**86,043**	**44,082**	**159,152**
		O	46,340	116,425	103,569

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Justice—Con.					
Federal Prison System—Con.					
Intragovernmental Funds:					
Federal Prison Industries, Incorporated	753				
Outlays		0	−10,822	.... [W] −90	....
Limitation on administrative expenses			(1,901)	(2,102)	(2,157)
Limitation on vocational expenses			(6,391)	(7,018)	(7,208)
Total Federal Prison Industries, Incorporated		0	−10,822	−90	....
Trust funds					
Commissary funds, Federal prisons (trust revolving fund)	753				
Outlays		0	−3,005	....	....
Total Federal funds Federal Prison System		BA	**613,470**	**598,182**	**767,454**
		0	550,660	661,681	693,729
Total Trust funds Federal Prison System		0	−3,005	....	....
Office of Justice Programs					
Federal funds					
General and Special Funds:					
Justice assistance	754				
Appropriation, current		BA	**145,551**	**203,982** [H] **−122,109** [W] **−8,771**	**74,400**
Outlays		0	146,018	210,329 [H] −39,897 [W] −3,267	219,776 [H] −63,540 [W] −3,844
Total Justice assistance		BA	**145,551**	**73,102**	**74,400**
		0	146,018	167,165	152,392
Crime victims fund	754				
Appropriation, current		BA	**60,919**	.... [W] **−4,300**	....
Appropriation, permanent		BA	....	**100,000**	**100,000**
Outlays		0	−7,394	31,358 [A] −1,358	47,108 [A] −1,358
Total Crime victims fund		BA	**60,919**	**95,700**	**100,000**
		0	−7,394	30,000	45,750
Public Enterprise Funds:					
Revolving fund	754				
Outlays		0	14	17	....
Total Federal funds Office of Justice Programs		BA	**206,470**	**168,802**	**174,400**
		0	138,638	197,182	198,142
Summary					
Federal funds:					
(As shown in detail above)		BA	**3,847,508**	**3,791,966**	**4,308,105**
		0	3,588,618	3,846,738	4,121,046

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Justice—Con.

Summary—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Trust funds:				
(As shown in detail above)	O	−3,005	2	....
Total Department of Justice	BA O	**3,847,508** 3,585,613	**3,791,966** 3,846,740	**4,308,105** 4,121,046

Department of Labor

Employment and Training Administration

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Program administration 504				
Appropriation, current	BA	**67,625**	**68,155** [W] **−2,930**	**62,959**
Outlays	O	56,749	64,756 [W] −2,530	65,095 [W] −335
Total Program administration	BA O	**67,625** 56,749	**65,225** 62,226	**62,959** 64,760
Training and employment services 504				
Appropriation, current	BA	**3,774,662**	**3,487,045** [A] **74,000** [H] **−416,037** [W] **−149,853**	**2,909,608**
Outlays	O	3,415,199	3,690,687 [A] 2,600 [H] −17,318 [W] −4,219	3,555,517 [A] 37,000 [H] −359,167 [W] −120,863
Total Training and employment services	BA O	**3,774,662** 3,415,199	**2,995,155** 3,671,750	**2,909,608** 3,112,487
Community service employment for older Americans 504				
Appropriation, current	BA	**326,000**	**326,000** [W] **−13,998**	**326,000**
Outlays	O	320,343	325,906 [W] −2,800	325,631 [W] −10,966
Total Community service employment for older Americans	BA O	**326,000** 320,343	**312,002** 323,106	**326,000** 314,665
Temporary employment assistance 504				
Outlays	O	−17,597	....	....
Federal unemployment benefits and allowances 603				
Appropriation, current	BA	**75,000**	**10,000**	**4,000**
Outlays	O	51,139	14,010	4,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Labor—Con.				
Employment and Training Administration—Con.				
State unemployment insurance and employment service operations:				
(Training and employment) 504				
(Appropriation, current)	BA	**23,500**	**23,600** [w] **−1,015**	**23,400**
(Outlays)	0	−26,522	23,600 [w] −234	23,400 [w] −781
Total (Training and employment)	BA	**23,500**	**22,585**	**23,400**
	0	−26,522	23,366	22,619
Advances to the unemployment trust fund and other funds:				
(General retirement and disability insurance) (excluding social security) 601				
(Appropriation, current)	BA	....	**446,785**	**415,000** [J] **−221,000** [w] **−2,000**
(Outlays)	0	335,545	413,447 [w] −1,959	448,000 [J] −221,000
Total (General retirement and disability insurance) (excluding social security)	BA	....	**446,785**	**192,000**
	0	335,545	411,488	227,000
(Unemployment compensation) 603				
(Appropriation, current)	BA	....	**18,215** [w] **−215**	....
(Outlays)	0	1,250,000	18,000	....
Total (Unemployment compensation)	BA	....	**18,000**	....
	0	1,250,000	18,000	....
Total Advances to the unemployment trust fund and other funds	BA	....	**464,785**	**192,000**
	0	1,585,545	429,488	227,000
Trust funds				
Gifts and bequests 504				
Appropriation, permanent, indefinite	BA	....	**10**	**10**
Outlays	0	....	10	10

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Labor—Con.				
Employment and Training Administration—Con.				
Unemployment trust fund:				
(Training and employment) 504				
(Appropriation, current, indefinite)	BA		**[A] −3,911** **[W] −41,842**	
(Appropriation, permanent, indefinite)	BA	**963,189**	**973,079**	**927,577**
(Outlays)	O	944,560	976,225 [A] −782 [W] −14,907	957,319 [A] −3,129 [W] −26,935
(Veterans employment and training)		(122,172)	(132,975) [W] (−5,718)	(131,525)
(Employment and Training Administration: Program administration)		(14,132)	(17,544) [W] (−754)	(15,559)
(Bureau of Labor Statistics: Salaries and expenses)		(20,420)	(20,420) [W] (−878)	(21,360)
(State unemployment insurance and employment service operations)		(806,465)	(802,140) [A] (−3,911) [W] (−34,492)	(759,133)
Total (Training and employment)	BA	**963,189**	**927,326**	**927,577**
	O	944,560	960,536	927,255
(Unemployment compensation) 603				
(Appropriation, current)	BA			**[J] 111,000**
(Indefinite)	BA		**[A] 3,911** **[W] 41,842**	
(Appropriation, permanent, indefinite)	BA	**27,628,584**	**24,426,921**	**24,372,423**
(Outlays)	O	22,881,172	19,923,775 [W] −81,626	19,042,681 [J] 1,000
(Office of the Inspector General)		(4,300)	(3,231) [W] (−139)	(6,040)
(Limitation on railroad unemployment insurance administration fund)		(15,264)	(14,092) [W] (−709)	(13,783)

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Labor—Con.					
Employment and Training Administration—Con.					
(Employment and Training Administration: Program administration)			(31,068)	(25,122) [w] (−1,080)	(34,204)
(Bureau of Labor Statistics: Salaries and expenses)			....	(15,889) [w] (−683)	(15,146)
(State unemployment insurance and employment service operations)			(1,600,600)	(1,654,100) [w] (−71,126)	(1,726,800)
(Departmental Management: Salaries and expenses)			(240)	(252) [w] (−11)	(263)
Total (Unemployment compensation)		BA	**27,628,584**	**24,472,674**	**24,483,423**
		O	22,881,172	19,842,149	19,043,681
Total Unemployment trust fund		BA	**28,591,773**	**25,400,000**	**25,411,000**
		O	23,825,732	20,802,685	19,970,936
Total Federal funds Employment and Training Administration		BA	**4,266,787**	**3,869,752**	**3,517,967**
		O	5,384,856	4,523,946	3,745,531
Total Trust funds Employment and Training Administration		BA	**28,591,773**	**25,400,010**	**25,411,010**
		O	23,825,732	20,802,695	19,970,946
Labor-Management Services					
Federal funds					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current		BA	**60,211**	**57,505** [w] **−2,463**	**62,275**
Outlays		O	59,193	58,129 [w] −2,156	62,055 [w] −260
Total Salaries and expenses		BA	**60,211**	**55,042**	**62,275**
		O	59,193	55,973	61,795
Pension Benefit Guaranty Corporation					
Federal funds					
Public Enterprise Funds:					
Pension Benefit Guaranty Corporation fund	601				
Outlays		O	−19,114	40,014 [j] −199,797 [w] −1,215	92,547 [j] −202,820 [w] −193
Limitation on administration			(33,057)	(33,040) [w] (−1,408)	(36,874)
Total Pension Benefit Guaranty Corporation fund		O	−19,114	−160,998	−110,466

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Labor—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Employment Standards Administration					
Federal funds					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current		BA	192,582	190,318 [w] −8,178	192,709
Outlays		0	178,127	193,299 [w] −7,077	193,849 [w] −662
Total Salaries and expenses		BA 0	192,582 178,127	182,140 186,222	192,709 193,187
Special benefits:					
(General retirement and disability insurance) (excluding social security)	601				
(Appropriation, current)		BA	4,400	4,600	4,600
(Outlays)		0	4,714	4,600	4,600
(Federal employee retirement and disability)	602				
(Appropriation, current)		BA	207,000	254,900 [w] −22,843	259,000
(Outlays)		0	196,351	254,900 [w] −22,843	259,000
Total (Federal employee retirement and disability)		BA 0	207,000 196,351	232,057 232,057	259,000 259,000
Total Special benefits		BA 0	211,400 201,065	236,657 236,657	263,600 263,600
Trust funds					
Black lung disability trust fund	601				
Appropriation, current		BA	941,957	988,422 [w] −6,618	954,030 [j] −18,000 [w] 4,659
Indefinite		BA	665	756	756
Outlays		0	898,401	961,110 [w] −1,959	1,028,000 [j] −18,000
Administrative limitation: ESA, salaries and expenses			(24,579)	(25,481) [w] (−1,096)	(25,826)
Administrative limitation: Departmental Management, salaries and expenses			(13,688)	(19,697) [w] (−847)	(21,413)
Administrative limitation: Office of the Inspector Geneeral			(372)	(376) [w] (−16)	(612)
Total Black lung disability trust fund		BA 0	942,622 898,401	982,560 959,151	941,445 1,010,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Labor—Con.					
Employment Standards Administration—Con.					
Special workers' compensation expenses	601				
Appropriation, permanent, indefinite		BA	**60,495**	**78,000**	**87,000**
Outlays		0	56,604	71,000 [w] –113	81,000
Limitation on administrative expenses			(397)	(406) [w] (–17)	(441)
Total Special workers' compensation expenses		BA	**60,495**	**78,000**	**87,000**
		0	56,604	70,887	81,000
Total Federal funds Employment Standards Administration		BA	**403,982**	**418,797**	**456,309**
		0	379,192	422,879	456,787
Total Trust funds Employment Standards Administration		BA	**1,003,117**	**1,060,560**	**1,028,445**
		0	955,005	1,030,038	1,091,000
Occupational Safety and Health Administration					
Federal funds					
General and Special Funds:					
Salaries and expenses	554				
Appropriation, current		BA	**219,652**	**218,045** **[w] –9,353**	**225,811**
Outlays		0	209,939	221,933 [w] –8,172	224,913 [w] –1,100
Total Salaries and expenses		BA	**219,652**	**208,692**	**225,811**
		0	209,939	213,761	223,813
Mine Safety and Health Administration					
Federal funds					
General and Special Funds:					
Salaries and expenses	554				
Appropriation, current		BA	**150,550**	**151,679** **[w] –6,522**	**156,480**
Outlays		0	151,360	150,871 [w] –5,900	156,184 [w] –558
Total Salaries and expenses		BA	**150,550**	**145,157**	**156,480**
		0	151,360	144,971	155,626

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Labor—Con.					
Bureau of Labor Statistics					
Federal funds					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current		BA	**152,860**	**158,640** [W] **−6,821**	**159,390**
Outlays		0	141,751	163,768 [W] −6,158	160,025 [W] −581
Total Salaries and expenses		BA	**152,860**	**151,819**	**159,390**
		0	141,751	157,610	159,444
Departmental Management					
Federal funds					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current		BA	**102,330**	**99,303** [W] **−4,269**	**102,444** [K] **1,408**
Outlays		0	100,169	101,277 [W] −3,741	105,181 [W] −493
Total Salaries and expenses		BA	**102,330**	**95,034**	**103,852**
		0	100,169	97,536	104,688
Office of the Inspector General	505				
Appropriation, current		BA	**39,323**	**38,730** [W] **−1,654**	**34,833**
Outlays		0	37,116	36,806 [W] −1,211	33,971 [W] −355
Total Office of the Inspector General		BA	**39,323**	**37,076**	**34,833**
		0	37,116	35,595	33,616
Special foreign currency program	505				
Appropriation, current		BA	**67**	**47** [W] **−2**	**67**
Outlays		0	16	63	47 [W] −2
Total Special foreign currency program		BA	**67**	**45**	**67**
		0	16	63	45
Intragovernmental Funds:					
Working capital fund	505				
Outlays		0	−1,476		
Total Federal funds Departmental Management		BA	**141,720**	**132,155**	**138,752**
		0	135,825	133,194	138,349
Summary					
Federal funds:					
(As shown in detail above)		BA	**5,395,762**	**4,981,414**	**4,716,984**
		0	6,443,002	5,491,336	4,830,879

See footnotes at end of table.

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BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Labor—Con.

Summary—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Deductions for offsetting receipts:					
Proprietary receipts from the public	908	BA 0	*−281,902*	*−370,000*	*−264,000*
Total Federal funds		BA	**5,113,860**	**4,611,414**	**4,452,984**
		0	6,161,100	5,121,336	4,566,879
Trust funds:					
(As shown in detail above)		BA	**29,594,890**	**26,460,570**	**26,439,455**
		0	24,780,737	21,832,733	21,061,946
Deductions for offsetting receipts:					
Proprietary receipts from the public	908	BA 0	*−637*	*−500*	*−500*
Total Trust funds		BA	**29,594,253**	**26,460,070**	**26,438,955**
		0	24,780,100	21,832,233	21,061,446
Interfund transactions	601	BA 0	**−335,545**	**−411,488**	**−448,000**
		BA 0			**[J] 221,000**
	603	BA 0	**−6,712,645**	**−3,418,000**	**−2,163,000**
Total Department of Labor		BA	**27,659,923**	**27,241,996**	**28,501,939**
		0	23,893,010	23,124,081	23,238,325

Department of State

Administration of Foreign Affairs

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	153				
Appropriation, current		BA	**1,431,721**	**1,456,700**	....
					[K] 1,841,559
				[B] 237,494	
				[W] −62,638	
Outlays		0	1,216,118	1,405,538	1,713,377
				[B] 59,374	[B] 154,371
				[W] −54,495	[W] −3,132
Total Salaries and expenses		BA	**1,431,721**	**1,631,556**	**1,841,559**
		0	1,216,118	1,410,417	1,864,616

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of State—Con.				
Administration of Foreign Affairs—Con.				
Acquisition and maintenance of buildings abroad 153				
Appropriation, current	BA	**406,579**	**337,000**	....
				[K]1,362,120
			[B]454,532	
			[W]−14,491	
Outlays	0	212,559	289,656	456,423
			[B]22,727	[B]113,633
			[W]−4,627	[W]−3,639
Total Acquisition and maintenance of buildings abroad	BA	**406,579**	**777,041**	**1,362,120**
	0	212,559	307,756	566,417
Acquisition and maintenance of builoings abroad (special foreign currency program) 153				
Appropriation, current	BA	**21,353**	....	....
Outlays	0	9,524	13,760	6,745
Representation allowances 153				
Appropriation, current	BA	**4,500**	**4,700**	**4,897**
			[W]−202	
Outlays	0	4,362	4,672	4,870
			[W]−174	[W]−28
Total Representation allowances	BA	**4,500**	**4,498**	**4,897**
	0	4,362	4,498	4,842
Protection of foreign missions and officials 153				
Appropriation, current	BA	**9,500**	**9,500**	**10,300**
			[W]−409	
Outlays	0	1,384	9,500	10,148
			[W]−204	[W]−78
Total Protection of foreign missions and officials	BA	**9,500**	**9,091**	**10,300**
	0	1,384	9,296	10,070
Emergencies in the diplomatic and consular service 153				
Appropriation, current	BA	**6,000**	**4,400**	**4,400**
			[W]−189	
Outlays	0	2,848	5,400	4,400
			[W]−111	[W]−108
Limitation on direct loan obligations (P.L. 99-177).		....	(700)	....
			[W](−30)	
Total Emergencies in the diplomatic and consular service	BA	**6,000**	**4,211**	**4,400**
	0	2,848	5,289	4,292
Buying power maintenance 153				
Appropriation, current	BA	**1,342**	....	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of State—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Administration of Foreign Affairs—Con.					
Payment to the American Institute in Taiwan	153				
Appropriation, current		BA	**9,800**	**9,800**	**11,100**
				[w] −421	
Outlays		0	10,403	9,800	10,761
				[w] −311	[w] −110
Total Payment to the American Institute in Taiwan		BA	**9,800**	**9,379**	**11,100**
		0	10,403	9,489	10,651
Payment to the Foreign Service retirement and disability fund	153				
Appropriation, current		BA	**112,137**	**118,174**	**127,398**
					[J] −118,100
Appropriation, permanent, indefinite		BA	**222,500**	**215,600**	**197,500**
Outlays		0	334,637	333,774	324,898
					[J] −118,100
Total Payment to the Foreign Service retirement and disability fund		BA	**334,637**	**333,774**	**206,798**
		0	334,637	333,774	206,798
Intragovernmental Funds:					
Working capital fund	153				
Outlays		0	−124	....	....
Trust funds					
Foreign Service retirement and disability fund	602				
Appropriation, current, indefinite		BA			**[J] −128,568**
Appropriation, permanent, indefinite		BA	**702,391**	**756,548**	**785,117**
Outlays		0	209,671	236,494	256,854
					[J] −7,268
				[w] −5,850	
Total Foreign Service retirement and disability fund		BA	**702,391**	**756,548**	**656,549**
		0	209,671	230,644	249,586
Miscellaneous trust funds	153				
Appropriation, permanent, indefinite		BA	**4,248**	**4,000**	**4,000**
Outlays		0	4,554	4,000	4,000
Total Federal funds Administration of Foreign Affairs		BA	**2,225,432**	**2,769,550**	**3,441,174**
		0	1,791,711	2,094,279	2,674,431
Total Trust funds Administration of Foreign Affairs		BA	**706,639**	**760,548**	**660,549**
		0	214,225	234,644	253,586

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of State—Con.				
International Organizations and Conferences				
Federal funds				
General and Special Funds:				
Contributions to international organizations 153				
Appropriation, current	BA	**487,686**	**463,000** **[w] −19,909**	**432,930**
Outlays	O	477,401	496,848 [w] −20,076	432,930
Total Contributions to international organizations	BA	**487,686**	**443,091**	**432,930**
	O	477,401	476,772	432,930
Contributions for international peacekeeping activities 153				
Appropriation, current	BA	**47,400**	**29,400** **[w] −1,264**	**53,900**
Outlays	O	53,638	32,513 [w] −1,138	48,510 [w] −126
Total Contributions for international peacekeeping activities	BA	**47,400**	**28,136**	**53,900**
	O	53,638	31,375	48,384
Missions to international organizations 153				
Outlays	O	1	....	....
International conferences and contingencies 153				
Appropriation, current	BA	**9,600**	**6,000** **[w] −258**	**6,391**
Outlays	O	9,319	6,192 [w] −175	5,666 [w] −57
Total International conferences and contingencies	BA	**9,600**	**5,742**	**6,391**
	O	9,319	6,017	5,609
International trade negotiations 153				
Outlays	O	23	....	....
Total Federal funds International Organizations and Conferences	BA	**544,686**	**476,969**	**493,221**
	O	540,382	514,164	486,923
International Commissions				
International Boundary and Water Commission, United States and Mexico:				
Federal funds				
General and Special Funds:				
Salaries and expenses, IBWC 301				
Appropriation, current	BA	**11,600**	**11,300** **[w] −486**	**10,600**
Outlays	O	11,488	11,342 [w] −418	10,679 [w] −55
Total Salaries and expenses, IBWC	BA	**11,600**	**10,814**	**10,600**
	O	11,488	10,924	10,624

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of State—Con.

International Commissions—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Construction, IBWC 301				
Appropriation, current	BA	**2,400**	**2,257** [w] **−97**	**4,200**
Outlays	O	347	2,200 [w] −19	3,000 [w] −39
Total Construction, IBWC	BA	**2,400**	**2,160**	**4,200**
	O	347	2,181	2,961
Total Federal funds International Boundary and Water Commission, United States and Mexico:	BA	**14,000**	**12,974**	**14,800**
	O	11,835	13,105	13,585
Federal funds				
General and Special Funds:				
American sections, international commissions 301				
Appropriation, current	BA	**3,685**	**3,755** [w] **−161**	**3,900**
Outlays	O	3,156	3,746 [w] −109	3,869 [w] −35
Total American sections, international commissions	BA	**3,685**	**3,594**	**3,900**
	O	3,156	3,637	3,834
International fisheries commissions 302				
Appropriation, current	BA	**10,300**	**11,300** [w] **−486**	**11,000**
Outlays	O	8,983	11,417 [w] −485	11,000 [w] −1
Total International fisheries commissions	BA	**10,300**	**10,814**	**11,000**
	O	8,983	10,932	10,999
Total Federal funds International Commissions	BA	**27,985**	**27,382**	**29,700**
	O	23,974	27,674	28,418
Other				
Federal funds				
General and Special Funds:				
Migration and refugee assistance 151				
Appropriation, current	BA	**338,000**	**338,930** [w] **−14,574**	**347,525**
Outlays	O	358,313	335,154 [w] −9,765	344,017 [w] −4,081
Total Migration and refugee assistance	BA	**338,000**	**324,356**	**347,525**
	O	358,313	325,389	339,936
United States emergency refugee and migration assistance fund 151				
Appropriation, current	BA	**25,000**	....	**25,000**
Outlays	O	26,698	18,000	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of State—Con.				
Other—Con.				
International narcotics control 151				
Appropriation, current	BA	**50,217**	**57,529**	**65,445**
			[W] -2,474	
Outlays	0	51,628	49,604	57,204
			[W] -866	[W] -866
Total International narcotics control	BA	**50,217**	**55,055**	**65,445**
	0	51,628	48,738	56,338
Anti-terrorism assistance 152				
Appropriation, current	BA	**5,000**	**7,420**	....
				[K] 9,840
			[B] 4,840	
			[W] -319	
Outlays	0	1,712	6,452	8,872
			[B] 2,904	[B] 1,936
			[W] -191	[W] -128
Total Anti-terrorism assistance	BA	**5,000**	**11,941**	**9,840**
	0	1,712	9,165	10,680
U.S. bilateral science and technology agreements 153				
Appropriation, current	BA	....	**2,000**	**2,000**
			[W] -86	
Outlays	0	2,000	2,000	2,000
			[W] -86	
Total U.S. bilateral science and technology agreements	BA	....	**1,914**	**2,000**
	0	2,000	1,914	2,000
Soviet-East European research and training 153				
Appropriation, current	BA	**4,800**	**4,800**	**4,000**
			[W] -206	
Outlays	0	865	4,800	4,000
			[W] -124	[W] -82
Total Soviet-East European research and training	BA	**4,800**	**4,594**	**4,000**
	0	865	4,676	3,918
Payment to the Asia Foundation 153				
Appropriation, current	BA	**9,600**	**10,000**	**9,500**
			[W] -430	
Outlays	0	11,812	10,000	9,500
			[W] -430	
Total Payment to the Asia Foundation	BA	**9,600**	**9,570**	**9,500**
	0	11,812	9,570	9,500
Assistance for implementation of a Contadora agreement 153				
Appropriation, current	BA	**2,000**	....	....
Outlays	0	....	2,000	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of State—Con.					
Other—Con.					
Counterterrorism research and development	153				
Appropriation, current		BA			[K] **20,000**
				[B] **10,000**	
Outlays		0			[K] 12,000
				[B] 2,500	[B] 7,500
Total Counterterrorism research and development		BA	....	**10,000**	**20,000**
		0	....	2,500	19,500
Special assistance to refugees from Cambodia and Vietnam	609				
Outlays		0	−2	....	....
International Center, Washington, D.C.	153				
Appropriation, current, indefinite		BA		[W] **−41**	
Appropriation, permanent		BA	**1,120**	**945**	**945**
Outlays		0	847	1,455	945
				[W] −41	
Total International Center, Washington, D.C.		BA	**1,120**	**904**	**945**
		0	847	1,414	945
Fishermen's protective fund	376				
Appropriation, current		BA	**1,000**	....	....
Outlays		0	726	334	....
Fishermen's guaranty fund	376				
Appropriation, current		BA			[J] **3,000**
Outlays		0			[J] 3,000
Total Federal funds Other		BA	**436,737**	**418,334**	**487,255**
		0	454,599	423,700	445,817
Summary					
Federal funds:					
(As shown in detail above)		BA	**3,234,840**	**3,692,235**	**4,451,350**
		0	2,810,666	3,059,817	3,635,589
Deductions for offsetting receipts:					
Proprietary receipts from the public	153	BA 0	*−1,120*	*−945*	*−945*
	376	BA 0			[J] *−1,800*
Total Federal funds		BA	**3,233,720**	**3,691,290**	**4,448,605**
		0	2,809,546	3,058,872	3,632,844
Trust funds:					
(As shown in detail above)		BA	**706,639**	**760,548**	**660,549**
		0	214,225	234,644	253,586
Deductions for offsetting receipts:					
Intrafund transactions	602	BA 0	*−1,995*	*−2,000*	*−2,000*
Total Trust funds		BA	**704,644**	**758,548**	**658,549**
		0	212,230	232,644	251,586
Interfund transactions	153	BA 0	**−376,501**	**−376,896**	**−370,390**

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of State—Con.

Summary—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
		BA 0			[j] **129,600**
	803	BA 0	**−47**	**−41**	**−41**
Total Department of State		BA	**3,561,816**	**4,072,901**	**4,866,323**
		0	2,645,228	2,914,579	3,643,599

Department of Transportation

Federal Highway Administration

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Motor carrier safety	401				
Appropriation, current		BA	**13,902**	**13,900** [w] **−598**	....
Outlays		0	12,837	14,450 [w] −537	1,662 [w] −61
Total Motor carrier safety		BA	**13,902**	**13,302**	....
		0	12,837	13,913	1,601
Railroad-highway crossings demonstration projects	401				
Appropriation, current		BA	**9,880**	**5,333** [w] **−229**	....
Outlays		0	3,890	5,734 [w] −34	7,558 [w] −85
Total Railroad-highway crossings demonstration projects		BA	**9,880**	**5,104**	....
		0	3,890	5,700	7,473
Access highways to public recreation areas on certain lakes	401				
Appropriation, current		BA	**5,000**	**5,000** [w] **−215**	....
Outlays		0	4,133	10,199 [w] −39	9,763 [w] −73
Total Access highways to public recreation areas on certain lakes		BA	**5,000**	**4,785**	....
		0	4,133	10,160	9,690
Waste isolation pilot project	401				
Appropriation, current		BA	**16,400**	**7,000** [w] **−301**	....
Outlays		0	235	9,318 [w] −56	8,905 [w] −100
Total Waste isolation pilot project		BA	**16,400**	**6,699**	....
		0	235	9,262	8,805

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Transportation—Con.					
Federal Highway Administration—Con.					
Expressway gap closing demonstration project	401				
Appropriation, current		BA	...	**9,000**	...
				[w] −387	
Outlays		0	...	1,800	2,880
				[w] −71	[w] −130
Total Expressway gap closing demonstration project		BA	...	**8,613**	...
		0	...	1,729	2,750
Miscellaneous appropriations	401				
Appropriation, current		BA	**13,750**	...	...
Outlays		0	243,985	123,575	107,485
Trust funds					
Federal-aid highways (trust fund)	401				
Contract authority, current		BA			**[K] 8,670,000**
				[w] −659,799	
Contract authority, permanent		BA	**14,908,042**	**15,344,163**	**4,100,000**
Liquidation of contract authority, current			(12,800,000)	(13,836,000)	(13,036,000)
Outlays		0	12,584,323	13,759,800	13,476,400
				[w] −94,708	[w] −292,622
Limitation on general operating expenses			(201,008)	(212,756)	(206,191)
				[w] (−8,762)	
Limitation on program level (obligations)			(13,250,000)	(12,750,000)	(12,420,000)
				[w] (−548,250)	
Total Federal-aid highways (trust fund)		BA	**14,908,042**	**14,684,364**	**12,770,000**
		0	12,584,323	13,665,092	13,183,778
Highway-related safety grants	401				
Contract authority, current		BA			**[K] 10,000**
				[w] −430	
Contract authority, permanent		BA	**10,000**	**10,000**	...
Liquidation of contract authority, current			(5,000)	(9,000)	(12,000)
Outlays		0	11,548	9,791	11,044
				[w] −86	[w] −138
Limitation on program level (obligations)			(10,000)	(10,000)	(10,000)
				[w] (−430)	
Total Highway-related safety grants		BA	**10,000**	**9,570**	**10,000**
		0	11,548	9,705	10,906
Baltimore-Washington Parkway	401				
Appropriation, current		BA	...	**3,000**	...
				[w] −129	
Outlays		0	...	818	1,124
				[w] −24	[w] −43
Total Baltimore-Washington Parkway		BA	...	**2,871**	...
		0	...	794	1,081

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Transportation—Con.					
Federal Highway Administration—Con.					
Trust fund share of other highway programs	401				
Appropriation, current		BA	**19,760**	**10,667**	.....
				[W] −459	
Outlays		0	10,298	12,475	15,834
				[W] −69	[W] −390
Total Trust fund share of other highway programs		BA	**19,760**	**10,208**	.....
		0	10,298	12,406	15,444
Highway safety research and development	401				
Appropriation, current		BA	**8,500**	**8,500**	.....
					[K] 7,000
				[W] −366	
Outlays		0	9,750	8,243	9,203
				[W] −68	[W] −122
Total Highway safety research and development		BA	**8,500**	**8,134**	**7,000**
		0	9,750	8,175	9,081
Motor carrier safety grants	401				
Appropriation, current		BA	**14,000**	**17,000**	.....
				[W] −731	
Outlays		0	9,072	27,269	987
				[W] −676	[W] −55
Total Motor carrier safety grants		BA	**14,000**	**16,269**	.....
		0	9,072	26,593	932
Motor carrier safety (trust fund)	401				
Appropriation, current		BA			**[K] 19,515**
Outlays		0			[K] 17,114
Miscellaneous trust funds	151				
Appropriation, permanent		BA	**7,380**	**4,322**	**4,981**
Contract authority, permanent		BA	**6**	.....	.....
Liquidation of contract authority, permanent			(34)	(818)	.....
Outlays		0	6,590	5,372	5,585
Total Miscellaneous trust funds		BA	**7,386**	**4,322**	**4,981**
		0	6,590	5,372	5,585
Miscellaneous trust funds–Highway	401				
Appropriation, current		BA	**2,750**	.....	.....
Outlays		0	1,506	3,889	3,521

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 esti[illegible]
Department of Transportation—Con.				
Federal Highway Administration—Con.				
Right-of-way revolving fund (trust revolving fund) 401				
Outlays	0	−15,099	.... [w] −2,150	....
Limitation on direct loan obligations		(50,000)	(50,000) [w] (−2,150)	(50,000)
Total Right-of-way revolving fund (trust revolving fund)	0	−15,099	−2,150	....
Total Federal funds Federal Highway Administration	BA 0	**58,932** 265,080	**38,503** 164,339	 137,804
Total Trust funds Federal Highway Administration	BA 0	**14,970,438** 12,617,988	**14,735,738** 13,729,876	**12,811,496** 13,247,442
National Highway Traffic Safety Administration				
Federal funds				
General and Special Funds:				
Operations and research 401				
Appropriation, current	BA	**58,519**	**53,957** [w] **−2,320**	.... [x] **54,890**
Outlays	0	60,207	59,945 [w] −1,508	55,420 [w] −600
Total Operations and research	BA 0	**58,519** 60,207	**51,637** 58,437	**54,890** 54,820
Miscellaneous safety programs 401				
Outlays	0	1,494	1,500	1,500
Trust funds				
Trust fund share of operations and research 401				
Appropriation, current	BA	**23,831**	**29,894** [w] **−1,285**	.... [x] **29,040**
Outlays	0	21,026	25,383 [w] −668	28,249 [w] −456
Total Trust fund share of operations and research	BA 0	**23,831** 21,026	**28,609** 24,715	**29,040** 27,793

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Transportation—Con.					
National Highway Traffic Safety Administration—Con.					
Highway traffic safety grants	401				
Contract authority, current		BA			[K] **110,000**
				[W] **−5,676**	
Contract authority, permanent		BA	**176,500**	**132,000**	....
Liquidation of contract authority, current			(125,000)	(149,000)	....
					[K] (118,000)
Outlays		0	120,137	133,400	133,075
				[W] −2,705	[W] −2,437
Limitation on program level (obligations)			(176,500)	(155,300)	(127,900)
				[W] (−6,678)	
Total Highway traffic safety grants		BA	**176,500**	**126,324**	**110,000**
		0	120,137	130,695	130,638
Total Federal funds National Highway Traffic Safety Administration		BA	**58,519**	**51,637**	**54,890**
		0	61,701	59,937	56,320
Total Trust funds National Highway Traffic Safety Administration		BA	**200,331**	**154,933**	**139,040**
		0	141,163	155,410	158,431
Federal Railroad Administration					
Federal funds					
General and Special Funds:					
Office of the Administrator	401				
Appropriation, current		BA	**42,120**	**30,320**	**10,958**
				[H] **−14,355**	
				[W] **−1,304**	
Outlays		0	61,587	52,120	49,199
				[H] −5,455	[H] −4,019
				[W] −741	[W] −344
Total Office of the Administrator		BA	**42,120**	**14,661**	**10,958**
		0	61,587	45,924	44,836
Railroad safety	401				
Appropriation, current		BA	**41,416**	**38,364**	**35,819**
				[W] **−1,650**	
Outlays		0	44,098	49,900	45,105
				[W] −1,240	[W] −317
Total Railroad safety		BA	**41,416**	**36,714**	**35,819**
		0	44,098	48,660	44,788
Conrail labor protection	603				
Appropriation, current		BA	**15,000**	....	....
Outlays		0	10,400	25,886	....
Commuter rail service	401				
Outlays		0	....	5,092	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Transportation—Con.					
Federal Railroad Administration—Con.					
Settlements of railroad litigation	401				
Appropriation, current		BA	**61**		
Authority to borrow, current		BA	**432**		
Outlays		0	493		
Total Settlements of railroad litigation		BA	**493**		
		0	493		
Northeast corridor improvement program	401				
Appropriation, current		BA	**27,600**	**12,500** [H] **−11,962** [W] **−538**	
Outlays		0	153,254	192,150 [H] −720 [W] −30	108,178 [H] −3,230 [W] −145
Total Northeast corridor improvement program		BA	**27,600**		
		0	153,254	191,400	104,803
Grants to National Railroad Passenger Corporation	401				
Appropriation, current		BA	**684,000**	**587,500** [W] **−25,263**	
Outlays		0	763,809	696,400 [W] −25,263	47,695
Total Grants to National Railroad Passenger Corporation		BA	**684,000**	**562,237**	
		0	763,809	671,137	47,695
Public Enterprise Funds:					
Alaska Railroad revolving fund	401				
Outlays		0	−1,909	4,389	
Railroad rehabilitation and improvement financing funds	401				
Appropriation, current		BA		**33,500** [H] **−32,059** [W] **−1,441**	
Outlays		0	6,448	31,675 [H] −1,603 [W] −72	4,275 [H] −1,603 [W] −72
Limitation on direct loan obligations (P.L. 99-177)				(33,500) [W] (−1,441)	
Total Railroad rehabilitation and improvement financing funds		0	6,448	30,000	2,600

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Transportation—Con.

Federal Railroad Administration—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Intragovernmental Funds:				
Railroad rehabilitation and improvement financing funds, FFB direct loans 401				
Authority to borrow, current	BA			**[w] −86**
Authority to borrow, permanent, indefinite	BA	**4,117**	**1,600**	**3,800**
Outlays	0	−5,994	−92,915	−3,314 [w] −86
Limitation on direct loan obligations		(6,500)	(4,000) [w] (−172)	....
Total Railroad rehabilitation and improvement financing funds, FFB direct loans	BA	**4,117**	**1,600**	**3,714**
	0	−5,994	−92,915	−3,400
Total Federal funds Federal Railroad Administration	BA	**814,746**	**615,212**	**50,491**
	0	1,032,186	929,573	241,322

Urban Mass Transportation Administration

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Administrative expenses 401				
Appropriation, current	BA	**31,000**	**30,000** **[w] −1,290**	....
Outlays	0	26,312	31,000 [w] −1,161	2,765 [w] −129
Total Administrative expenses	BA	**31,000**	**28,710**	....
	0	26,312	29,839	2,636
Research, training, and human resources 401				
Appropriation, current	BA	**51,000**	**17,400** **[w] −748**	....
Outlays	0	40,099	26,796 [w] −187	16,275 [w] −337
Total Research, training, and human resources	BA	**51,000**	**16,652**	....
	0	40,099	26,609	15,938
Interstate transfer grants-transit 401				
Appropriation, current	BA	**250,000**	**200,000** **[w] −8,600**	....
Outlays	0	461,909	376,593 [w] −430	334,370 [w] −1,720
Total Interstate transfer grants-transit	BA	**250,000**	**191,400**	....
	0	461,909	376,163	332,650

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Transportation—Con.					
Urban Mass Transportation Administration—Con.					
Washington metro	401				
Appropriation, current		BA	**250,000**	**227,000** [W] **–9,761**	....
Outlays		O	60,156	149,906 [W] –488	188,998 [W] –1,952
Total Washington metro		BA O	**250,000** 60,156	**217,239** 149,418	 187,046
Formula grants	401				
Appropriation, current		BA	**2,449,500**	**2,150,000** [W] **–92,450**	....
Outlays		O	1,408,600	1,221,500 [W] –32,841	1,277,083 [W] –22,223
Total Formula grants		BA O	**2,449,500** 1,408,600	**2,057,550** 1,188,659	 1,254,860
Miscellaneous expired accounts	401				
Outlays		O	852,231	950,000	450,000
Trust funds					
Transportation block grants	401				
Contract authority, current		BA			[K] **1,220,000**
Liquidation of contract authority, current					[K] (264,625)
Outlays		O			[K] 264,625
Limitation on program level (obligations)			....	....	(1,220,000)
Discretionary grants	401				
Contract authority, current		BA		[H] **–297,675** [W] **–47,300**	
Contract authority, permanent		BA	**1,100,000**	**1,100,000**	....
Liquidation of contract authority, permanent			(450,000)	(775,000)	(950,000)
Outlays		O	506,998	778,675 [H] –26,064 [W] –2,525	905,800 [H] –104,255 [W] –9,000
Limitation on program level (obligations)			(1,120,000)	(1,045,500) [H] (–521,275) [W] (–44,957)	....
Total Discretionary grants		BA O	**1,100,000** 506,998	**755,025** 750,086	 792,545
Total Federal funds Urban Mass Transportation Administration		BA O	**3,031,500** 2,849,307	**2,511,551** 2,720,688	 2,243,130
Total Trust funds Urban Mass Transportation Administration		BA O	**1,100,000** 506,998	**755,025** 750,086	**1,220,000** 1,057,170

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Transportation—Con.					
Federal Aviation Administration					
Federal funds					
General and Special Funds:					
Operations	402				
Appropriation, current		BA	**1,589,414**	**2,313,000** **[w] −99,459**	**699,945**
Outlays		0	1,612,218	2,235,880 [w] −89,253	630,165 [w] −10,206
Total Operations		BA	**1,589,414**	**2,213,541**	**699,945**
		0	1,612,218	2,146,627	619,959
Facilities, engineering and development	402				
Outlays		0	3,588	4,688	....
Operation and maintenance, Metropolitan Washington Airports	402				
Appropriation, current		BA	**35,932**	**34,100** **[w] −1,466**	**34,600**
Outlays		0	36,442	33,930 [w] −1,245	34,200 [w] −188
Total Operation and maintenance, Metropolitan Washington Airports		BA	**35,932**	**32,634**	**34,600**
		0	36,442	32,685	34,012
Construction, Metropolitan Washington Airports	402				
Appropriation, current		BA	**10,500**	**7,000** **[w] −301**	**7,000**
Outlays		0	17,648	17,500 [w] −130	6,200 [w] −60
Total Construction, Metropolitan Washington Airports		BA	**10,500**	**6,699**	**7,000**
		0	17,648	17,370	6,140
Aircraft purchase loan guarantee program	402				
Appropriation, current		BA		**[A] 1,300**	
Authority to borrow, current		BA	**13,321**	**195**	....
Outlays		0	13,870	313 [A] 1,300	....
Total Aircraft purchase loan guarantee program		BA	**13,321**	**1,495**	....
		0	13,870	1,613	....
Public Enterprise Funds:					
Aviation insurance revolving fund	402				
Outlays		0	−2,744	−3,071 [w] −4	−3,168
Limitation on administrative expenses (P.L. 99-177)			....	(−97) [w] (−4)	....
Total Aviation insurance revolving fund		0	−2,744	−3,075	−3,168

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of Transportation—Con.				
Federal Aviation Administration—Con.				
Trust funds				
Grants-in-aid for airports (Airport and airway trust fund) 402				
Contract authority, current	BA		**[w] −43,731**	
Contract authority, permanent	BA	**987,000**	**1,017,000**	**1,017,200**
Liquidation of contract authority, current		(810,000)	(693,000)	(800,000)
Outlays	0	788,657	781,000	844,000
			[w] −5,091	[w] −16,332
Limitation on program level (obligations)		(925,000)	(925,000)	(712,500)
			[w] (−39,775)	
Total Grants-in-aid for airports (Airport and airway trust fund)	BA	**987,000**	**973,269**	**1,017,200**
	0	788,657	775,909	827,668
Facilities and equipment (Airport and airway trust fund) 402				
Appropriation, current	BA	**1,358,000**	**993,000**	**825,000**
			[w] −42,699	
Outlays	0	425,416	710,000	840,000
			[w] −4,180	[w] −7,974
Total Facilities and equipment (Airport and airway trust fund)	BA	**1,358,000**	**950,301**	**825,000**
	0	425,416	705,820	832,026
Research, engineering and development (Airport and airway trust fund) 402				
Appropriation, current	BA	**265,000**	**190,000**	**134,500**
			[w] −8,170	
Outlays	0	261,894	262,000	181,000
			[w] −4,136	[w] −3,268
Total Research, engineering and development (Airport and airway trust fund)	BA	**265,000**	**181,830**	**134,500**
	0	261,894	257,864	177,732
Trust fund share of FAA operations 402				
Appropriation, current	BA	**1,110,000**	**446,000**	**276,750**
				[x] 1,823,085
			[w] −19,178	
Outlays	0	1,109,998	446,000	2,099,835
			[w] −19,178	
Total Trust fund share of FAA operations	BA	**1,110,000**	**426,822**	**2,099,835**
	0	1,109,998	426,822	2,099,835
Total Federal funds Federal Aviation Administration	BA	**1,649,167**	**2,254,369**	**741,545**
	0	1,681,022	2,199,908	656,943
Total Trust funds Federal Aviation Administration	BA	**3,720,000**	**2,532,222**	**4,076,535**
	0	2,585,965	2,166,415	3,937,261

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Transportation—Con.					
Coast Guard					
Federal funds					
General and Special Funds:					
Operating expenses	403				
Appropriation, current		BA	**1,753,572**	**1,627,000**	....
					[K] **1,832,800**
				[W] **−69,961**	
Outlays		O	1,701,686	1,651,000	1,795,400
				[W] −58,420	[W] −11,541
Total Operating expenses		BA	**1,753,572**	**1,557,039**	**1,832,800**
		O	1,701,686	1,592,580	1,783,859
Acquisition, construction, and improvements	403				
Appropriation, current		BA	**374,200**	**217,300**	....
					[K] **77,100**
				[W] **−9,344**	
Outlays		O	443,565	414,242	355,000
				[W] −1,327	[W] −2,725
Total Acquisition, construction, and improvements		BA	**374,200**	**207,956**	**77,100**
		O	443,565	412,915	352,275
Alteration of bridges	403				
Appropriation, current		BA	**13,600**	**5,200**	....
				[W] **−224**	
Outlays		O	4,242	16,000	2,000
				[W] −47	[W] −177
Total Alteration of bridges		BA	**13,600**	**4,976**	....
		O	4,242	15,953	1,823
Retired pay	403				
Appropriation, current		BA	**330,800**	**351,800**	**373,510**
					[J] **−10,000**
				[W] **−10,311**	[W] **−9,510**
Outlays		O	298,781	350,800	372,422
					[J] −9,900
				[W] −9,733	[W] −10,000
Total Retired pay		BA	**330,800**	**341,489**	**354,000**
		O	298,781	341,067	352,522
Reserve training	403				
Appropriation, current		BA	**59,223**	**61,502**	....
					[K] **65,200**
				[W] **−2,645**	
Outlays		O	57,529	61,502	65,100
				[W] −2,333	[W] −312
Total Reserve training		BA	**59,223**	**58,857**	**65,200**
		O	57,529	59,169	64,788

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Transportation—Con.

Coast Guard—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Research, development, test, and evaluation 403				
Appropriation, current	BA	23,000	21,000	....
				[x] 20,500
			[w] −903	
Outlays	0	18,369	24,000	21,700
			[w] −390	[w] −513
Total Research, development, test, and evaluation	BA	23,000	20,097	20,500
	0	18,369	23,610	21,187
Pollution fund 304				
Appropriation, current, indefinite	BA		[w] −301	
Appropriation, permanent, indefinite	BA	7,390	7,000	7,000
Outlays	0	3,885	7,000	7,000
			[w] −94	[w] −207
Total Pollution fund	BA	7,390	6,699	7,000
	0	3,885	6,906	6,793
Offshore oil pollution compensation fund 304				
Appropriation, current	BA	1,000	1,000	....
			[w] −43	
Indefinite	BA	....	....	1,000
Outlays	0	375	1,000	1,000
			[w] −18	[w] −25
Limitation on program level (obligations) (P.L. 99-177)		(60,000)	(60,000)	(60,000)
			[w] (−2,580)	
Total Offshore oil pollution compensation fund	BA	1,000	957	1,000
	0	375	982	975
Deepwater port liability fund 304				
Appropriation, current	BA	1,000	1,000	....
			[w] −43	
Indefinite	BA	....	....	1,000
Outlays	0	1	1,000	1,000
			[w] −24	[w] −19
Limitation on program level (obligations) (P.L. 99-177)		(50,000)	(50,000)	(50,000)
			[w] (−2,150)	
Total Deepwater port liability fund	BA	1,000	957	1,000
	0	1	976	981
Intragovernmental Funds:				
Coast Guard supply fund 403				
Outlays	0	−1,478	100	61
Coast Guard yard fund 403				
Outlays	0	12,191	−1,693	20,512

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Transportation—Con.					
Coast Guard—Con.					
Trust funds					
Boat safety	403				
Appropriation, current		BA	**28,625**	**44,835**	**30,000**
					[J] 15,000
				[W] −1,935	
Outlays		0	26,880	35,000	40,000
					[J] 15,000
				[W] −1,263	[W] −672
Limitation on program level (obligations)			(13,750)	(30,000)	(15,000)
				[W] (−1,290)	
Total Boat safety		BA	**28,625**	**42,900**	**45,000**
		0	26,880	33,737	54,328
Coast Guard general gift fund	403				
Appropriation, permanent, indefinite		BA	**22**	**80**	**80**
Outlays		0	24	50	50
Miscellaneous trust revolving funds	403				
Outlays		0	−94	25	25
Total Federal funds Coast Guard		BA	**2,563,785**	**2,199,027**	**2,358,600**
		0	2,539,146	2,452,565	2,605,776
Total Trust funds Coast Guard		BA	**28,647**	**42,980**	**45,080**
		0	26,810	33,812	54,403
Maritime Administration					
Federal funds					
General and Special Funds:					
Ship construction	403				
Outlays		0	4,692	4,894	....
Operating-differential subsidies	403				
Contract authority, permanent, indefinite		BA	**338,057**	**299,500**	**320,000**
Liquidation of contract authority, current			(338,057)	(299,500)	....
					[K] (320,000)
Outlays		0	351,731	311,501	320,000
Ocean freight differential	403				
Authority to borrow, current		BA	....	**48,000**	....
				[A] −48,000	
Outlays		0	....	48,000	....
				[A] −48,000	
Total Ocean freight differential		0	....	....	....
Research and development	403				
Appropriation, current		BA	**2,900**	**9,900**	....
					[K] 5,500
				[W] −426	
Outlays		0	10,174	12,056	11,550
				[W] −128	[W] −298
Total Research and development		BA	**2,900**	**9,474**	**5,500**
		0	10,174	11,928	11,252

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Transportation—Con.					
Maritime Administration—Con.					
Operations and training	403				
Appropriation, current		BA	**78,019**	**69,700**	....
					[K] **53,343**
				[w] **–2,997**	
Outlays		0	76,900	80,640	65,770
				[w] –2,555	[w] –442
Total Operations and training		BA	**78,019**	**66,703**	**53,343**
		0	76,900	78,085	65,328
Public Enterprise Funds:					
Federal ship financing fund	403				
Authority to borrow, current		BA	**130,000**	**500,000**	**99,915**
				[w] **–133**	
Outlays		0	266,319	509,297	99,915
				[w] –133	
Limitation on guaranteed loan commitments (P.L. 99-177)			....	(70,000)	....
				[w] (–3,010)	
Total Federal ship financing fund		BA	**130,000**	**499,867**	**99,915**
		0	266,319	509,164	99,915
Vessel operations revolving fund	403				
Outlays		0	–23,158	....	....
War risk insurance revolving fund	403				
Outlays		0	–1,082	–900	–900
Trust funds					
Special studies, services and projects	403				
Appropriation, permanent, indefinite		BA	**424**	**385**	**385**
Outlays		0	20	385	385
Gifts and bequests	403				
Appropriation, permanent, indefinite		BA	**3**	**15**	**15**
Outlays		0	11	15	15
Total Federal funds Maritime Administration		BA	**548,976**	**875,544**	**478,758**
		0	685,576	914,672	495,595
Total Trust funds Maritime Administration		BA	**427**	**400**	**400**
		0	31	400	400
Saint Lawrence Seaway Development Corporation					
Federal funds					
Public Enterprise Funds:					
Saint Lawrence Seaway Development Corporation	403				
Outlays		0	–1,003	5,000	1,400
				[w] –638	[w] –3
Limitation on administrative expenses			(1,792)	(1,916)	(1,990)
				[w] (–82)	
Total Saint Lawrence Seaway Development Corporation		0	–1,003	4,362	1,397

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of Transportation—Con.					
Office of the Inspector General					
Federal funds					
General and Special Funds:					
Salaries and expenses	407				
Appropriation, current		BA	**27,900**	**27,600** [w] **−1,187**	**27,630**
Outlays		0	27,171	26,900 [w] −1,035	26,900 [w] −152
Total Salaries and expenses		BA	**27,900**	**26,413**	**27,630**
		0	27,171	25,865	26,748
Research and Special Programs Administration					
Federal funds					
General and Special Funds:					
Research and special programs	407				
Appropriation, current		BA	**19,850**	**19,300** [w] **−830**	**5,242** [K] **14,782**
Outlays		0	22,506	18,000 [w] −512	19,855 [w] −187
Total Research and special programs		BA	**19,850**	**18,470**	**20,024**
		0	22,506	17,488	19,668
Intragovernmental Funds:					
Working capital fund, Transportation Systems Center	407				
Outlays		0	463	15,000	35,438
Total Federal funds Research and Special Programs Administration		BA	**19,850**	**18,470**	**20,024**
		0	22,969	32,488	55,106
Office of the Secretary					
Federal funds					
General and Special Funds:					
Salaries and expenses	407				
Appropriation, current		BA	**56,184**	**54,800** [w] **−2,357**	**56,540**
Outlays		0	55,247	61,436 [w] −2,056	59,045 [w] −301
Total Salaries and expenses		BA	**56,184**	**52,443**	**56,540**
		0	55,247	59,380	58,744
Activities transferred from salaries and expenses, Interstate Commerce Commission	401				
Appropriation, current		BA			[J] **7,800**
Outlays		0			[J] 7,800

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Transportation—Con.

Office of the Secretary—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Payments to air carriers, DOT	402				
Appropriation, current		BA	**41,419**	**28,000** [w] **−1,204**	....
Outlays		0	33,687	39,000 [w] −1,126	2,447 [w] −78
Total Payments to air carriers, DOT		BA	**41,419**	**26,796**	....
		0	33,687	37,874	2,369
Transportation research activities overseas (special foreign currency program)	407				
Outlays		0	....	19	....
Intragovernmental Funds:					
Working capital fund	407				
Outlays		0	9,561	205	500
Trust funds					
Gifts and bequests	407				
Appropriation, permanent, indefinite		BA	**−3**	....	....
Outlays		0	....	3	....
Total Federal funds Office of the Secretary		BA	**97,603**	**79,239**	**64,340**
		0	98,495	97,478	69,413
Total Trust funds Office of the Secretary		BA	**−3**	....	....
		0	....	3	....

Summary

Account and functional code			1985 actual	1986 estimate	1987 estimate
Federal funds:					
(As shown in detail above)		BA	**8,870,978**	**8,669,965**	**3,796,278**
		0	9,261,650	9,601,875	6,589,554
Deductions for offsetting receipts:					
Intrafund transactions	908	BA 0	*−7,328*	*−8,400*	*−9,800*
Proprietary receipts from the public	304	BA 0	....	*−6,000*	*−6,000*
	402	BA 0	*−52,267*	*−59,632*	*−64,439*
	403	BA 0	*−4,168*	*−8,526*	*−19,149*
		BA 0			[j] *−238,000*
Total Federal funds		BA	**8,807,215**	**8,587,407**	**3,458,890**
		0	9,197,887	9,519,317	6,252,166
Trust funds:					
(As shown in detail above)		BA	**20,019,840**	**18,221,298**	**18,292,551**
		0	15,878,955	16,836,002	18,455,107
Deductions for offsetting receipts:					
Proprietary receipts from the public	151	BA 0	*−6,000*	*−4,243*	*−4,302*
	401	BA 0	*−1,414*	*−885*	*−666*

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of Transportation—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Summary—Con.					
	403	BA O	*–424*	*–385*	*–385*
Total Trust funds		BA	**20,012,002**	**18,215,785**	**18,287,198**
		O	15,871,117	16,830,489	18,449,754
Interfund transactions	403	BA O	**–48,998**		
Total Department of Transportation		BA	**28,770,219**	**26,803,192**	**21,746,088**
		O	25,020,006	26,349,806	24,701,920

Department of the Treasury

Account and functional code			1985 actual	1986 estimate	1987 estimate
Departmental Offices					
Federal funds					
General and Special Funds:					
Salaries and expenses	803				
Appropriation, current		BA	**78,930**	**76,716** * **–3,299**	**80,084**
Outlays		O	67,221	75,743 * –2,882	80,029 * –417
Total Salaries and expenses		BA	**78,930**	**73,417**	**80,084**
		O	67,221	72,861	79,612
Presidential election campaign fund	806				
Appropriation, permanent, indefinite		BA	**34,788**	**37,000**	**37,000**
Outlays		O	3,420	40	18,224
Public Enterprise Funds:					
Exchange stabilization fund	155				
Outlays		O	–556,688	–154,410	–155,937
Intragovernmental Funds:					
Working capital fund	803				
Outlays		O	160		
Trust funds					
Gifts and bequests	803				
Appropriation, permanent, indefinite		BA	**10**	**200**	**250**
Outlays		O		200	250
Total Federal funds Departmental Offices		BA	**113,718**	**110,417**	**117,084**
		O	–485,887	–81,509	–58,101
Total Trust funds Departmental Offices		BA	**10**	**200**	**250**
		O		200	250

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of the Treasury—Con.				
Office of Revenue Sharing				
Federal funds				
General and Special Funds:				
Salaries and expenses 851				
Appropriation, current	BA	**7,841**	**7,714** [W] **−332**	**5,560**
Outlays	O	7,650	7,213 [W] −277	5,449 [W] −55
Total Salaries and expenses	BA	**7,841**	**7,382**	**5,560**
	O	7,650	6,936	5,394
Payments to State and local government fiscal assistance trust fund 851				
Appropriation, current	BA	**4,566,700**	**4,185,000** [H] **−759,975**	....
Outlays	O	4,566,700	4,185,000 [H] −759,975	....
Total Payments to State and local government fiscal assistance trust fund	BA	**4,566,700**	**3,425,025**	....
	O	4,566,700	3,425,025	....
Trust funds				
State and local government fiscal assistance trust fund 851				
Appropriation, current, indefinite	BA		[H] **−759,975**	
Appropriation, permanent, indefinite	BA	**4,566,700**	**4,185,000**	....
Outlays	O	4,583,734	4,613,438 [W] −179,955	759,975 [H] −759,975
Total State and local government fiscal assistance trust fund	BA	**4,566,700**	**3,425,025**	....
	O	4,583,734	4,433,483	....
Total Federal funds Office of Revenue Sharing	BA	**4,574,541**	**3,432,407**	**5,560**
	O	4,574,350	3,431,961	5,394
Total Trust funds Office of Revenue Sharing	BA	**4,566,700**	**3,425,025**	....
	O	4,583,734	4,433,483	....
Federal Law Enforcement Training Center				
Federal funds				
General and Special Funds:				
Salaries and expenses 751				
Appropriation, current	BA	**18,341**	**23,803** [H] **−4,976** [W] **−1,024**	**20,899**
Outlays	O	16,160	23,447 [H] −4,976 [W] −1,014	20,481 [W] −10
Total Salaries and expenses	BA	**18,341**	**17,803**	**20,899**
	O	16,160	17,457	20,471

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Treasury—Con.					
Federal Law Enforcement Training Center—Con.					
Construction, Federal Law Enforcement Training Center	751				
Outlays		O	1,823	769	....
Total Federal funds Federal Law Enforcement Training Center		BA	**18,341**	**17,803**	**20,899**
		O	17,983	18,226	20,471
Financial Management Service					
Federal funds					
General and Special Funds:					
Salaries and expenses	803				
Appropriation, current		BA	**246,251**	**244,621** [w] **–10,519**	**251,117**
Outlays		O	242,480	246,487 [w] –9,467	245,787 [w] –1,052
Total Salaries and expenses		BA	**246,251**	**234,102**	**251,117**
		O	242,480	237,020	244,735
Portfolio liquidation	803				
Appropriation, current		BA			[j] **78,022**
Outlays		O			[j] 75,681
HUD public housing interest subsidy payments	604				
Appropriation, current		BA	**300,000**	....	....
Outlays		O	85,304	40,638	....
Claims, judgments, and relief acts	806				
Appropriation, permanent, indefinite		BA	**313,956**	**365,718**	**335,718**
Outlays		O	313,924	365,770	335,718
Interest on uninvested funds	908				
Appropriation, permanent, indefinite		BA	**20,294**	**19,427**	**19,442**
Outlays		O	19,107	19,427	19,442
Restitution of forgone interest	908				
Appropriation, current, indefinite		BA	....	**494,030**	....
Outlays		O	....	494,030	....
Energy security reserve	271				
Outlays		O	40,824	40,900 [w] –129	36,500
Total Energy security reserve		O	40,824	40,771	36,500
Biomass energy development	271				
Outlays		O	1,102	1,045	1,575
Public Enterprise Funds:					
Business loan and investment fund	376				
Appropriation, current		BA			[j] **2,948,896**
Outlays		O			[j] 3,155,637
Intragovernmental Funds:					
Small business investment companies debentures--FFB direct loan	376				
Outlays		O			[j] –1,153,161

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Treasury—Con.					
Financial Management Service—Con.					
Section 503 guaranteed loans--FFB direct loans	376				
Authority to borrow, current		BA			[j] **300,000**
Outlays		O			[j] −835,685
Small business development company loans--FFB asset purchases	376				
Outlays		O			[j] −10,000
Public Enterprise Funds:					
Disaster loan fund	453				
Appropriation, current		BA			[j] **41,300**
Outlays		O			[j] 463,000
Lease guarantees revolving fund	376				
Outlays		O			[j] 1,300
Surety bond guarantees revolving fund	376				
Appropriation, current		BA			[j] **20,909**
Outlays		O			[j] 24,425
Pollution control equipment contract guarantee revolving fund	376				
Appropriation, current		BA			[j] **17,778**
Outlays		O			[j] 20,000
Trust funds					
Miscellaneous trust funds:					
(Other veterans benefits and services)	705				
(Appropriation, permanent, indefinite)		BA	**7**	**3**	**7**
(Outlays)		O	....	37	7
(Other general government)	806				
(Appropriation, permanent, indefinite)		BA	**68**	**18**	**18**
(Outlays)		O	239	60	18
Total Miscellaneous trust funds		BA	**75**	**21**	**25**
		O	239	97	25
Total Federal funds Financial Management Service		BA	**880,501**	**1,113,277**	**4,013,182**
		O	702,741	1,198,701	2,379,167
Total Trust funds Financial Management Service		BA	**75**	**21**	**25**
		O	239	97	25
Federal Financing Bank					
Federal funds					
Intragovernmental Funds:					
Federal Financing Bank	803				
Outlays		O	−297,534	−194,089	−203,754 [j] 203,754
				[w] −86	
Total Federal Financing Bank		O	−297,534	−194,175	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Treasury—Con.					
Federal Financing Bank—Con.					
Oregon veterans housing, FFB direct loans	371				
Authority to borrow, permanent, indefinite		BA	**60,000**	....	....
Outlays		O	60,000	....	−60,000
Total Federal funds Federal Financing Bank		BA	**60,000**	....	....
		O	−237,534	−194,175	−60,000
Bureau of Alcohol, Tobacco and Firearms					
Federal funds					
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current		BA	**172,113**	**174,212** [W] **−7,491**	**178,463**
Outlays		O	168,834	170,728 [W] −6,362	174,894 [W] −1,129
Total Salaries and expenses		BA	**172,113**	**166,721**	**178,463**
		O	168,834	164,366	173,765
United States Customs Service					
Federal funds					
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current		BA	**669,734**	**717,000** [H] **−4,169** [W] **−30,831**	**693,000**
Outlays		O	625,054	750,217 [H] −4,023 [W] −30,892	705,806 [H] −146 [W] −1,425
Total Salaries and expenses		BA	**669,734**	**682,000**	**693,000**
		O	625,054	715,302	704,235
Operation and maintenance, air interdiction program	751				
Appropriation, current		BA	**55,425**	**75,000** [H] **−19,275** [W] **−3,225**	**54,700**
Outlays		O	31,412	103,797 [H] −11,854 [W] −1,983	81,164 [H] −5,937 [W] −994
Total Operation and maintenance, air interdiction program		BA	**55,425**	**52,500**	**54,700**
		O	31,412	89,960	74,233
Customs forfeiture fund	803				
Appropriation, current		BA	....	**8,000** [W] **−344**	**8,000**
Outlays		O	−10,079	12,879 [W] −344	8,000
Total Customs forfeiture fund		BA	....	**7,656**	**8,000**
		O	−10,079	12,535	8,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Department of the Treasury—Con.				
United States Customs Service—Con.				
Customs services at small airports 806				
Appropriation, current, indefinite	BA	………	**75**	**365**
Outlays	0	………	75	365
Miscellaneous permanent appropriations 852				
Appropriation, current, indefinite	BA		[W] **−4,515**	
Appropriation, permanent, indefinite	BA	**96,828**	**105,000**	**108,000**
Outlays	0	105,118	105,000 [W] −4,226	108,000 [W] −289
Total Miscellaneous permanent appropriations	BA	**96,828**	**100,485**	**108,000**
	0	105,118	100,774	107,711
Trust funds				
Refunds, transfers and expenses, unclaimed, abandoned and seized goods 803				
Appropriation, permanent, indefinite	BA	**6,521**	**6,871**	**7,537**
Outlays	0	3,431	6,871 [W] −124	7,537
Total Refunds, transfers and expenses, unclaimed, abandoned and seized goods	BA	**6,521**	**6,871**	**7,537**
	0	3,431	6,747	7,537
Total Federal funds United States Customs Service	BA	**821,987**	**842,716**	**864,065**
	0	751,505	918,646	894,544
Total Trust funds United States Customs Service	BA	**6,521**	**6,871**	**7,537**
	0	3,431	6,747	7,537
Bureau of Engraving and Printing				
Federal funds				
Intragovernmental Funds:				
Bureau of Engraving and Printing fund 803				
Outlays	0	−34,609	−113 [W] −1,538	−23,379 [W] −31
Total Bureau of Engraving and Printing fund	0	−34,609	−1,651	−23,410
United States Mint				
Federal funds				
General and Special Funds:				
Salaries and expenses 803				
Appropriation, current	BA	**47,671**	**46,500** [W] **−2,000**	……… [K] **47,808**
Outlays	0	42,464	45,570 [W] −5,944	46,852 [W] −386
Total Salaries and expenses	BA	**47,671**	**44,500**	**47,808**
	0	42,464	39,626	46,466

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Treasury—Con.					
United States Mint—Con.					
Expansion and improvements	803				
Appropriation, current		BA			**[K] 694**
Outlays		0	5,263	6,565	2,307
Coinage profit fund	803				
Appropriation, permanent, indefinite		BA	**18,226**	**168,288**	**44,925**
Outlays		0	18,430	168,288	44,925
Total Federal funds United States Mint		BA	**65,897**	**212,788**	**93,427**
		0	66,157	214,479	93,698
Bureau of the Public Debt					
Federal funds					
General and Special Funds:					
Administering the public debt	803				
Appropriation, current		BA	**198,752**	**195,225**	**218,564**
					[J] −19,750
				[W] −8,395	
Outlays		0	191,261	191,321	214,463
					[J] −19,750
				[W] −6,892	[W] −1,503
Total Administering the public debt		BA	**198,752**	**186,830**	**198,814**
		0	191,261	184,429	193,210
Payment of Government losses in shipment	803				
Outlays		0	59	12	1
Total Federal funds Bureau of the Public Debt		BA	**198,752**	**186,830**	**198,814**
		0	191,320	184,441	193,211
Internal Revenue Service					
Federal funds					
General and Special Funds:					
Salaries and expenses	803				
Appropriation, current		BA	**106,120**	**94,000**	**95,147**
				[W] −4,042	
Outlays		0	105,672	93,670	93,815
				[W] −3,436	[W] −606
Total Salaries and expenses		BA	**106,120**	**89,958**	**95,147**
		0	105,672	90,234	93,209
Processing tax returns	803				
Appropriation, current		BA	**1,019,592**	**1,065,000**	**1,262,902**
				[A] 194,564	
				[W] −45,795	
Outlays		0	1,041,755	1,084,324	1,245,221
				[A] 194,564	
				[W] −36,636	[W] −9,159
Total Processing tax returns		BA	**1,019,592**	**1,213,769**	**1,262,902**
		0	1,041,755	1,242,252	1,236,062

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of the Treasury—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Internal Revenue Service—Con.					
Examinations and appeals	803				
Appropriation, current		BA	**1,377,122**	**1,419,451** **[A] 68,706** **[W] −61,036**	**1,603,162**
Outlays		O	1,360,042	1,399,134 [A] 68,706 [W] −57,374	1,580,718 [W] −3,662
Total Examinations and appeals		BA	**1,377,122**	**1,427,121**	**1,603,162**
		O	1,360,042	1,410,466	1,577,056
Investigation, collection and taxpayer service	803				
Appropriation, current		BA	**1,071,763**	**1,064,325** **[A] 76,730** **[W] −45,766**	**1,136,581**
Outlays		O	1,054,544	1,049,424 [A] 76,730 [W] −42,129	1,120,669 [W] −3,637
Total Investigation, collection and taxpayer service		BA	**1,071,763**	**1,095,289**	**1,136,581**
		O	1,054,544	1,084,025	1,117,032
Payment where energy credit exceeds liability for tax	271				
Appropriation, current		BA	**100**		
Outlays		O	6		
Payment where earned income credit exceeds liability for tax	609				
Appropriation, permanent, indefinite		BA	**1,099,776**	**1,283,000**	**1,228,000**
Outlays		O	1,099,776	1,283,000	1,228,000
Refunding internal revenue collections, interest	908				
Appropriation, permanent, indefinite		BA	**1,749,533**	**1,502,000**	**1,473,000**
Outlays		O	1,749,533	1,502,000	1,473,000
Internal revenue collections for Puerto Rico	852				
Appropriation, current, indefinite		BA		**[W] −10,535**	
Appropriation, permanent, indefinite		BA	**327,420**	**245,000**	**245,000**
Outlays		O	335,501	245,000 [W] −9,292	245,000 [W] −1,243
Total Internal revenue collections for Puerto Rico		BA	**327,420**	**234,465**	**245,000**
		O	335,501	235,708	243,757
Public Enterprise Funds:					
Federal tax lien revolving fund	803				
Appropriation, current		BA	**9,000**		
Outlays		O	−355		
Total Federal funds Internal Revenue Service		BA	**6,760,426**	**6,845,602**	**7,043,792**
		O	6,746,474	6,847,685	6,968,116

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of the Treasury—Con.

United States Secret Service

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current		BA	**292,649**	**294,000**	**307,140**
				[W] −12,642	
Outlays		0	289,211	294,127	300,997
				[W] −10,997	[W] −1,645
Total Salaries and expenses		BA	**292,649**	**281,358**	**307,140**
		0	289,211	283,130	299,352
Contribution for annuity benefits	751				
Appropriation, permanent, indefinite		BA	**11,000**	**12,000**	**12,000**
Outlays		0	11,000	12,000	12,000
Total Federal funds United States Secret Service		BA	**303,649**	**293,358**	**319,140**
		0	300,211	295,130	311,352

Comptroller of the Currency

Trust funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
Assessment funds	376				
Outlays		0	−15,196	−7,301	−9,275
				[W] −8,395	[W] −127
Total Assessment funds		0	−15,196	−15,696	−9,402

Interest on the Public Debt

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Interest on the public debt paid to trust funds	901				
Appropriation, current		BA		**[J] 30,200**	**[J] −615,822**
			[Y] 4,117,790	**[Y] 4,417,921**	**[Y] 4,711,442**
Appropriation, permanent		BA	**22,071,238**	**26,623,564**	**30,251,359**
Outlays		0	22,071,238	26,623,564	30,251,359
				[J] 30,200	[J] −615,822
			[Y] 4,117,790	[Y] 4,417,921	[Y] 4,711,442
Total Interest on the public debt paid to trust funds		BA	**26,189,028**	**31,071,685**	**34,346,979**
		0	26,189,028	31,071,685	34,346,979
Other interest on the public debt	901				
Appropriation, permanent		BA	**152,900,934**	**165,028,315**	**172,513,021**
Outlays		0	152,900,934	165,028,315	172,513,021
Total Federal funds Interest on the Public Debt		BA	**179,089,962**	**196,100,000**	**206,860,000**
		0	179,089,962	196,100,000	206,860,000

Summary

Account and functional code			1985 actual	1986 estimate	1987 estimate
Federal funds:					
(As shown in detail above)		BA	**193,059,887**	**209,321,919**	**219,714,426**
		0	191,851,507	209,096,300	217,758,207

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Department of the Treasury—Con.

Summary—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Deductions for offsetting receipts:					
Intrafund transactions	803	BA 0	*–95*	*–90*	*–80*
	806	BA 0	*–19*	*–40*	*–40*
	809	BA 0	*–8,530*	....	....
	908	BA 0	*–22,113,060*	*–22,145,452*	*–23,452,241*
		BA 0		[J] *1,220,000*	[J] *1,287,000*
Interfund transactions from off-budget accounts	651	BA 0	*–791,157*	*–684,472*	*–660,271*
Proprietary receipts from the public	151	BA 0	*–95,886*	*–111,229*	*–111,229*
	155	BA 0	*–85,225*	*–86,929*	*–88,668*
	376	BA 0			[J] *–912,900*
	453	BA 0			[J] *–926,600*
	803	BA 0	*–61,602*	*–214,788*	*–92,733*
		BA 0		[J] *–60,000*	[J] *–520,000*
	806	BA 0	....	*–75*	*–365*
	809	BA 0	*–497,060*	*–510,000*	*–510,000*
		BA 0			[J] *–45,052*
	901	BA 0	*–26,842*	*–5,430*	*–5,430*
	908	BA 0	*–2,292,891*	*–1,947,990*	*–1,964,977*
		BA 0			[J] *–594,157*
Total Federal funds		BA 0	**167,087,520** 165,879,140	**184,775,424** 184,549,805	**191,116,683** 189,160,464
Trust funds:					
(As shown in detail above)		BA 0	**4,573,306** 4,572,208	**3,432,117** 4,424,831	**7,812** –1,590
Interfund transactions	571	BA 0	**–13,358**	....	....
	601	BA 0	**–496,727**	**–536,000**	**–569,000**
		BA 0			[J] **18,000**
	803	BA 0	**–242,949**	**–264,483**	**–258,823**

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Department of the Treasury—Con.					
Summary—Con.					
	851	BA O	**−4,566,700**	**−4,185,000**	....
		BA O		**[J]759,975**	
Total Department of the Treasury........................		BA	**166,341,092**	**183,982,033**	**190,314,672**
		O	165,131,614	184,749,128	188,349,051
Environmental Protection Agency					
Federal funds					
General and Special Funds:					
Salaries and expenses	304				
Appropriation, current..		BA	**665,698**	**684,176** **[W]−29,420**	**383,193** **[K]304,754**
Outlays..		O	631,419	675,498 [W]−25,188	678,885 [W]−3,349
Total Salaries and expenses................................		BA	**665,698**	**654,756**	**687,947**
		O	631,419	650,310	675,536
Research and development:					
(Energy supply)	271				
(Appropriation, current)..		BA	**52,145**	**55,013** **[W]−2,366**	.... **[K]54,103**
(Outlays)..		O	35,760	56,719 [W]−668	56,388 [W]−1,189
Total (Energy supply)..		BA	**52,145**	**52,647**	**54,103**
		O	35,760	56,051	55,199
(Pollution control and abatement)	304				
(Appropriation, current)..		BA	**136,730**	**168,387** **[W]−7,241**	.... **[K]138,631**
(Outlays)..		O	125,020	141,540 [W]−2,009	152,504 [W]−3,675
Total (Pollution control and abatement)..............		BA	**136,730**	**161,146**	**138,631**
		O	125,020	139,531	148,829
Total Research and development..........................		BA	**188,875**	**213,793**	**192,734**
		O	160,780	195,582	204,028

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Environmental Protection Agency—Con.				
Abatement, control, and compliance 304				
Appropriation, current	BA	**480,500**	**577,600**	**162,637**
				[K] **328,148**
			[W] **−24,837**	
Outlays	0	441,133	532,513	542,692
			[W] −11,272	[W] −10,218
Limitation on direct loan obligations (P.L. 99-177).		....	(33,847)	....
			[W] (−1,455)	
Total Abatement, control, and compliance	BA	**480,500**	**552,763**	**490,785**
	0	441,133	521,241	532,474
Buildings and facilities 304				
Appropriation, current	BA	**12,500**	**5,000**	**5,000**
			[W] **−215**	
Outlays	0	3,872	5,450	8,524
			[W] −55	[W] −118
Total Buildings and facilities	BA	**12,500**	**4,785**	**5,000**
	0	3,872	5,395	8,406
Construction grants 304				
Appropriation, current	BA	**2,400,000**	**600,000**	....
			[J] **1,800,000**	[J] **1,800,000**
			[W] **−25,800**	
Outlays	0	2,899,743	2,820,000	2,360,000
				[J] 40,000
			[W] −258	[W] −4,800
Total Construction grants	BA	**2,400,000**	**2,374,200**	**1,800,000**
	0	2,899,743	2,819,742	2,395,200
Scientific activities overseas (Special foreign currency program) 304				
Outlays	0	62	268	342
Operations, research, and facilities 304				
Outlays	0	299	500	500
Advances to the hazardous substance response trust fund 304				
Appropriation, current	BA	**44,000**	....	....
			[K] **329,191**	[K] **33,000**
Outlays	0	44,000	329,191	33,000
Total Advances to the hazardous substance response trust fund	BA	**44,000**	**329,191**	**33,000**
	0	44,000	329,191	33,000
Public Enterprise Funds:				
Revolving fund for certification and other services 304				
Outlays	0	−117	−50	−1,250
			[W] −28	
Total Revolving fund for certification and other services	0	−117	−78	−1,250

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Environmental Protection Agency—Con.					
Trust funds					
Hazardous substance response trust fund	304				
Appropriation, current		BA	**606,082**	**900,000**	**75,000** [x] **975,000**
				[w] **−40,397**	
Outlays		O	360,312	480,000 [w] −9,048	785,000 [w] −14,200
Limitation on administrative expenses (P.L. 99-177)			(87,573)	(90,000) [w] (−5,567)	....
Total Hazardous substance response trust fund		BA	**606,082**	**859,603**	**1,050,000**
		O	360,312	470,952	770,800
Miscellaneous contributed funds	304				
Appropriation, permanent, indefinite		BA	**18**	**39**	**15**
Outlays		O	8	25	25
Summary					
Federal funds:					
(As shown in detail above)		BA	**3,791,573**	**4,129,488**	**3,209,466**
		O	4,181,191	4,522,151	3,848,236
Deductions for offsetting receipts:					
Proprietary receipts from the public	304	BA			[j] *−21,000*
		O			
Total Federal funds		BA	**3,791,573**	**4,129,488**	**3,188,466**
		O	4,181,191	4,522,151	3,827,236
Trust funds:					
(As shown in detail above)		BA	**606,100**	**859,642**	**1,050,015**
		O	360,320	470,977	770,825
Deductions for offsetting receipts:					
Intrafund transactions	304	BA			
		O			
Proprietary receipts from the public	304	BA	*−7,944*	*−32,039*	*−55,015*
		O			
Total Trust funds		BA	**598,156**	**827,603**	**995,000**
		O	352,376	438,938	715,810
Interfund transactions	304	BA	**−44,000**	....	....
		O			
		BA		[j] **−329,191**	[j] **−33,000**
		O			
Total Environmental Protection Agency		BA	**4,345,729**	**4,627,900**	**4,150,466**
		O	4,489,567	4,631,898	4,510,046

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
General Services Administration					
Real Property Activities					
Federal funds					
Intragovernmental Funds:					
Federal buildings fund	804				
Appropriation, current		BA	**348**	**7,000** [W] **−301**	....
Outlays		0	−204,562	89,583 [A] 200 [W] −129	−52,886 [W] −172
Limitation on program level (obligations)			(2,307,575)	(2,412,001) [A] (200)	(2,404,437)
Total Federal buildings fund		BA	**348**	**6,699**	....
		0	−204,562	89,654	−53,058
Federal buildings fund, FFB direct loans	804				
Outlays		0	−4,954	−5,411	−5,908
Total Federal funds Real Property Activities		BA	**348**	**6,699**	....
		0	−209,516	84,243	−58,966
Personal Property Activities					
Federal funds					
General and Special Funds:					
Federal supply service	804				
Appropriation, current		BA	**162,400**	**170,070** [W] **−7,313**	**170,839**
Outlays		0	163,908	166,805 [W] −6,758	167,568 [W] −555
Total Federal supply service		BA	**162,400**	**162,757**	**170,839**
		0	163,908	160,047	167,013
Expenses of transportation audit contracts	804				
Appropriation, current, indefinite		BA			[J] **2,400**
Appropriation, permanent		BA	....	**5,200**	**5,200**
Outlays		0	....	5,200	5,200 [J] 2,400
Total Expenses of transportation audit contracts		BA	....	**5,200**	**7,600**
		0	....	5,200	7,600
Intragovernmental Funds:					
General supply fund	804				
Outlays		0	−74,275	3,800	....
Total Federal funds Personal Property Activities		BA	**162,400**	**167,957**	**178,439**
		0	89,633	169,047	174,613

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
General Services Administration—Con.					
Information Resources Management Service					
Federal funds					
General and Special Funds:					
Operating expenses, information resources management service	804				
Appropriation, current		BA	**33,422**	**30,077** [w] **−1,293**	**30,653**
Outlays		0	30,089	29,477 [w] −1,095	29,537 [w] −198
Total Operating expenses, information resources management service		BA	**33,422**	**28,784**	**30,653**
		0	30,089	28,382	29,339
Intragovernmental Funds:					
Federal telecommunications fund	804				
Outlays		0	−3,020	2,905	2,905
Automatic data processing fund	804				
Outlays		0	−12,021	3,710	2,650
Total Federal funds Information Resources Management Service		BA	**33,422**	**28,784**	**30,653**
		0	15,048	34,997	34,894
Federal Property Resources Activities					
Federal funds					
General and Special Funds:					
Operating expenses, federal property resources service:					
(Defense-related activities)	054				
(Appropriation, current)		BA	**25,156**	**28,585** [w] **−1,401**	**29,412**
(Outlays)		0	23,887	28,014 [w] −891	29,168 [w] −489
Total (Defense-related activities)		BA	**25,156**	**27,185**	**29,412**
		0	23,887	27,123	28,679
(General property and records management)	804				
(Appropriation, current)		BA	**13,765**	**11,414** [w] **−491**	**11,563**
(Outlays)		0	13,166	11,186 [w] −316	11,467 [w] −196
Total (General property and records management)		BA	**13,765**	**10,923**	**11,563**
		0	13,166	10,870	11,271
Total Operating expenses, federal property resources service		BA	**38,921**	**38,108**	**40,975**
		0	37,053	37,993	39,950

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

General Services Administration—Con.

Federal Property Resources Activities—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Expenses, disposal of surplus real and related personal property 804				
Appropriation, current	BA		**[w] −158**	
Appropriation, permanent, indefinite	BA	**2,113**	**3,668**	**3,668**
Outlays	0	2,116	3,668 [w] −119	3,668 [w] −39
Total Expenses, disposal of surplus real and related personal property	BA	**2,113**	**3,510**	**3,668**
	0	2,116	3,549	3,629
Public Enterprise Funds:				
National defense stockpile transaction fund 054				
Appropriation, current	BA	....	**20,000** **[w] −980**	....
Outlays	0	−240,704	−271,713 [w] −980	30,000 [j] −250,000
Limitation on program level (obligations)		(185,000)	....	....
Total National defense stockpile transaction fund	BA	....	**19,020**	....
	0	−240,704	−272,693	−220,000
William Langer Jewel bearing plant revolving fund 054				
Outlays	0	390	....	....
Total Federal funds Federal Property Resources Activities	BA	**41,034**	**50,638**	**44,643**
	0	−201,145	−231,151	−176,421

General Activities

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
General management and administration, salaries and expenses 804				
Appropriation, current	BA	**136,133**	**116,770** **[w] −5,021**	**125,374**
Outlays	0	128,974	114,284 [w] −4,089	122,734 [w] −932
Total General management and administration, salaries and expenses	BA	**136,133**	**111,749**	**125,374**
	0	*128,974*	*110,195*	*121,802*
Economic Opportunity Act close-out activities 506				
Outlays	0	137	10	10

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

General Services Administration—Con.

General Activities—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Office of Inspector General	804				
Appropriation, current		BA	**21,261**	**19,955** [w] **–858**	**21,108**
Outlays		0	20,204	19,569 [w] –752	20,699 [w] –106
Total Office of Inspector General		BA	**21,261**	**19,097**	**21,108**
		0	20,204	18,817	20,593
Allowances and office staff for former Presidents	802				
Appropriation, current		BA	**1,151**	**1,100** [w] **–35**	**1,234**
Outlays		0	1,101	1,078 [w] –31	1,209 [w] –4
Total Allowances and office staff for former Presidents		BA	**1,151**	**1,065**	**1,234**
		0	1,101	1,047	1,205
Public Enterprise Funds:					
Virgin Islands Corporation liquidation fund	804				
Outlays		0	–135	–120	
Consumer information center fund	376				
Appropriation, current		BA	**1,149**	**1,235** [w] **–53**	**1,272**
Outlays		0	1,190	1,235 [w] –55	1,272 [w] –15
Limitation on program level (obligations) (P.L. 99-177)			(1,354)	(1,613) [w] (–70)	(1,654)
Total Consumer information center fund		BA	**1,149**	**1,182**	**1,272**
		0	1,190	1,180	1,257
Intragovernmental Funds:					
Working capital fund	804				
Outlays		0	–759	–300	
Trust funds					
Unconditional gifts of real, personal, or other property	804				
Outlays		0			1
Total Federal funds General Activities		BA	**159,694**	**133,093**	**148,988**
		0	150,712	130,829	144,867
Total Trust funds *General Activities*		*0*			1
Summary					
Federal funds:					
(As shown in detail above)		BA	**396,898**	**397,171**	**402,723**
		0	–155,268	187,965	118,987
Deductions for offsetting receipts:					
Proprietary receipts from the public	804	BA 0	*–63,169*	*–147,800*	*–157,946*

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

General Services Administration—Con.

Summary—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
		BA 0			
Total Federal funds		BA	**333,729**	**249,371**	**244,777**
		0	–218,437	40,165	–38,959
Trust funds:					
(As shown in detail above)		0	...	...	1
Total General Services Administration		BA	**333,729**	**249,371**	**244,777**
		0	–218,437	40,165	–38,958

National Aeronautics and Space Administration

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Research and development:					
(Space flight)	253				
(Appropriation, current)		BA	**541,400**	**642,000**	... **[K] 875,500**
				[W] –27,606	
(Outlays)		0	335,473	697,700 [W] –16,138	782,400 [W] –9,253
Total (Space flight)		BA	**541,400**	**614,394**	**875,500**
		0	335,473	681,562	773,147
(Space science, applications, and technology)	254				
(Appropriation, current)		BA	**1,564,000**	**1,744,600**	... **[K] 1,712,000**
				[H] –26,796 **[W] –75,018**	
(Reappropriation)		BA	**5,500**	...	...
(Outlays)		0	1,407,653	1,694,900 [H] –22,969 [W] –39,900	1,705,600 [H] –3,827 [W] –24,583
Total (Space science, applications, and technology)		BA	**1,569,500**	**1,642,786**	**1,712,000**
		0	1,407,653	1,632,031	1,677,190
(Supporting space activities)	255				
(Appropriation, current)		BA	**14,800**	**16,200**	... **[K] 17,100**
				[W] –697	
(Outlays)		0	31,639	19,900 [W] –426	21,100 [W] –190
Total (Supporting space activities)		BA	**14,800**	**15,503**	**17,100**
		0	31,639	19,474	20,910

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

National Aeronautics and Space Administration—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
(Air transportation)	402				
(Appropriation, current)		BA	342,400	354,000	....
					[K] 398,500
				[W] −15,222	
(Outlays)		0	343,425	327,800	359,100
				[W] −7,611	[W] −5,328
Total (Air transportation)		BA	342,400	338,778	398,500
		0	343,425	320,189	353,772
Total Research and development		BA	2,468,100	2,611,461	3,003,100
		0	2,118,190	2,653,256	2,825,019
Space flight, control, and data communications:					
(Space flight)	253				
(Appropriation, current)		BA	2,798,500	2,696,600	....
					[K] 2,270,100
				[W] −115,954	
(Outlays)		0	3,035,064	2,619,200	2,364,200
				[W] −91,569	[W] −24,484
Total (Space flight)		BA	2,798,500	2,580,646	2,270,100
		0	3,035,064	2,527,631	2,339,716
(Supporting space activities)	255				
(Appropriation, current)		BA	795,700	701,300	....
					[K] 798,900
				[W] −23,707	
(Outlays)		0	671,916	701,100	827,700
				[W] −11,709	[W] −9,838
Total (Supporting space activities)		BA	795,700	677,593	798,900
		0	671,916	689,391	817,862
Total Space flight, control, and data communications		BA	3,594,200	3,258,239	3,069,000
		0	3,706,980	3,217,022	3,157,578
Intragovernmental Funds:					
Space flight, control, and data communications, FFB direct loans	255				
Outlays		0	−67,022	....	−78,977
General and Special Funds:					
Construction of facilities:					
(Space flight)	253				
(Appropriation, current)		BA	38,800	29,900	....
					[K] 10,500
				[W] −1,286	
(Outlays)		0	49,284	45,600	31,406
				[W] −86	[W] −613
Total (Space flight)		BA	38,800	28,614	10,500
		0	49,284	45,514	30,793

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
National Aeronautics and Space Administration—Con.					
(Space science, applications, and technology)	254				
(Appropriation, current)		BA	**8,300**	**5,000**	....
					[K] **23,200**
				[W] **−215**	
(Outlays)		0	8,680	8,900	6,247
				[W] −39	[W] −88
Total (Space science, applications, and technology)		BA	**8,300**	**4,785**	**23,200**
		0	8,680	8,861	6,159
(Supporting space activities)	255				
(Appropriation, current)		BA	**85,200**	**91,300**	....
					[K] **118,400**
				[W] **−3,926**	
(Outlays)		0	70,074	73,800	88,839
				[W] −254	[W] −2,181
Total (Supporting space activities)		BA	**85,200**	**87,374**	**118,400**
		0	70,074	73,546	86,658
(Air transportation)	402				
(Appropriation, current)		BA	**25,300**	**13,100**	....
					[K] **29,200**
				[W] **−563**	
(Reappropriation, indefinite)		BA	**20,430**	....	....
(Outlays)		0	42,041	32,900	22,255
				[W] −39	[W] −305
Total (Air transportation)		BA	**45,730**	**12,537**	**29,200**
		0	42,041	32,861	21,950
Total Construction of facilities		BA	**178,030**	**133,310**	**181,300**
		0	170,079	160,782	145,560
Research and program management:					
(Space flight)	253				
(Appropriation, current)		BA	**572,786**	**577,000**	....
					[K] **621,300**
				[W] **−24,811**	
(Outlays)		0	568,765	578,500	617,683
				[W] −23,809	[W] −401
Total (Space flight)		BA	**572,786**	**552,189**	**621,300**
		0	568,765	554,691	617,282

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

National Aeronautics and Space Administration—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
(Space science, applications, and technology) 254				
(Appropriation, current)	BA	**445,188**	**464,300**	....
				[K] **483,500**
			[W] **−19,965**	
(Outlays)	0	441,556	465,500	478,821
			[W] −18,757	[W] −1,308
Total (Space science, applications, and technology)	BA	**445,188**	**444,335**	**483,500**
	0	441,556	446,743	477,513
(Supporting space activities) 255				
(Appropriation, current)	BA	**54,724**	**54,700**	....
				[K] **57,800**
			[W] **−2,352**	
(Outlays)	0	54,339	54,803	59,295
			[W] −2,176	[W] −1,279
Total (Supporting space activities)	BA	**54,724**	**52,348**	**57,800**
	0	54,339	52,627	58,016
(Air transportation) 402				
(Appropriation, current)	BA	**259,602**	**266,000**	....
				[K] **278,400**
			[W] **−11,438**	
(Outlays)	0	257,832	266,600	276,701
			[W] −10,707	[W] −731
Total (Air transportation)	BA	**259,602**	**254,562**	**278,400**
	0	257,832	255,893	275,970
Total Research and program management	BA	**1,332,300**	**1,303,434**	**1,441,000**
	0	1,322,492	1,309,954	1,428,781
Trust funds				
Miscellaneous trust funds 255				
Appropriation, permanent, indefinite	BA	**2**	....	....
Outlays	0	16	33	....
Summary				
Federal funds:				
(As shown in detail above)	BA	**7,572,630**	**7,306,444**	**7,694,400**
	0	7,250,719	7,341,014	7,477,961
Trust funds:				
(As shown in detail above)	BA	**2**	....	....
	0	16	33	....
Total National Aeronautics and Space Administration	BA	**7,572,632**	**7,306,444**	**7,694,400**
	0	7,250,735	7,341,047	7,477,961

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Office of Personnel Management				
Federal funds				
General and Special Funds:				
Salaries and expenses 805				
Appropriation, current	BA	**106,409**	**99,846**	**99,846**
			[W] −4,293	
Outlays	0	110,777	101,500	99,846
			[W] −4,046	[W] −247
Limitation payable under trust funds		(53,871)	(54,202)	(55,400)
			[W] (−2,331)	
Total Salaries and expenses	BA	**106,409**	**95,553**	**99,846**
	0	110,777	97,454	99,599
Government payment for annuitants, employees health benefits 551				
Appropriation, current	BA	**1,341,553**	**1,606,165**	**1,469,357**
			[H] −600,000	
				[J] −322,357
			[W] −69,065	
Outlays	0	1,485,119	1,429,523	1,588,266
			[H] −460,000	[H] −134,000
				[J] −306,147
			[W] −56,000	[W] −13,065
Total Government payment for annuitants, employees health benefits	BA	**1,341,553**	**937,100**	**1,147,000**
	0	1,485,119	913,523	1,135,054
Payment to civil service retirement and disability fund 805				
Appropriation, current	BA	**4,407,833**	**4,407,234**	**4,619,365**
				[J] −59,596
Appropriation, permanent, indefinite	BA	**11,683,200**	**11,937,172**	**11,859,650**
Outlays	0	16,091,033	16,344,406	16,479,015
				[J] −59,596
Total Payment to civil service retirement and disability fund	BA	**16,091,033**	**16,344,406**	**16,419,419**
	0	16,091,033	16,344,406	16,419,419
Intragovernmental Funds:				
Revolving fund 805				
Outlays	0	12,841	−10,119	−1,426
			[W] −59	
Total Revolving fund	0	12,841	−10,178	−1,426

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Office of Personnel Management—Con.				
Trust funds				
Civil service retirement and disability fund 602				
Appropriation, current, indefinite	BA			[J] **2,162,362**
Appropriation, permanent, indefinite	BA	**40,193,782**	**41,870,135**	**43,256,795**
Outlays	O	23,091,872	24,607,663	26,136,082
				[J] −666,695
			[W] −538,610	[W] −726,227
Limitation on program level (obligations) (P.L. 99-177)		....	(44,095)	(45,073)
			[W] (−1,896)	
Total Civil service retirement and disability fund	BA	**40,193,782**	**41,870,135**	**45,419,157**
	O	23,091,872	24,069,053	24,743,160
Employees health benefits fund 551				
Outlays	O	−260,306	−756,168	278,305
			[H] 470,000	[H] 134,000
				[J] −880,253
			[W] 55,615	[W] 13,000
Limitation on program level (obligations) (P.L. 99-177)		....	(8,943)	....
			[W] (−385)	
Total Employees health benefits fund	O	−260,306	−230,553	−454,948
Employees life insurance fund 602				
Outlays	O	−674,469	−732,685	−787,633
			[W] −44	
Limitation on program level (obligations) (P.L. 99-177)		(1,060)	(1,030)	(1,052)
			[W] (−44)	
Total Employees life insurance fund	O	−674,469	−732,729	−787,633
Retired employees health benefits fund 551				
Outlays	O	−3,775	−480	2,897
			[W] −6	
Limitation on program level (obligations) (P.L. 99-177)		....	(134)	....
			[W] (−6)	
Total Retired employees health benefits fund	O	−3,775	−486	2,897
Summary				
Federal funds:				
(As shown in detail above)	BA	**17,538,995**	**17,377,059**	**17,666,265**
	O	17,699,770	17,345,205	17,652,646
Trust funds:				
(As shown in detail above)	BA	**40,193,782**	**41,870,135**	**45,419,157**
	O	22,153,322	23,105,285	23,503,476
Deductions for offsetting receipts:				
Intrafund transactions 602	BA O	*−504*	*−350*	*−350*
Total Trust funds	BA	**40,193,278**	**41,869,785**	**45,418,807**
	O	22,152,818	23,104,935	23,503,126

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Office of Personnel Management—Con.					
Summary—Con.					
Interfund transactions	602	BA 0	**−34,872**	**−37,000**	**−38,000**
	805	BA 0	**−16,091,033**	**−16,344,406**	**−16,479,015**
		BA 0			**[J] 59,596**
Total Office of Personnel Management		BA	**41,606,368**	**42,865,438**	**46,627,653**
		0	23,726,683	24,068,734	24,698,353
Small Business Administration					
Federal funds					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current		BA	**206,239**	**208,800** **[W] −8,978**	**212,300** **[J] −116,938**
Outlays		0	266,969	298,800 [W] −10,375	255,995 [J] −113,113 [W] −2,473
Total Salaries and expenses		BA	**206,239**	**199,822**	**95,362**
		0	266,969	288,425	140,409
White House Conference on Small Business	376				
Appropriation, current		BA	**2,000**	**2,700** **[W] −116**	...
Outlays		0	593	3,400 [W] −136	707 [W] −21
Total White House Conference on Small Business		BA	**2,000**	**2,584**	...
		0	593	3,264	686
Public Enterprise Funds:					
Business loan and investment fund	376				
Appropriation, current		BA	**511,601**	**167,000** **[W] −5,074**	**2,552,896** **[J] −2,521,896** **[W] −31,000**
Outlays		0	274,599	421,000 [W] −3,440	2,629,005 [J] −2,596,371 [W] −32,634
Limitation on direct loan obligations (P.L. 99-177)			...	(101,000) [W] (−4,343)	...
Limitation on guaranteed loan commitments (P.L. 99-177)			...	(3,033,000) [W] (−130,419)	...
Total Business loan and investment fund		BA	**511,601**	**161,926**	...
		0	274,599	417,560	...

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Small Business Administration—Con.					
Intragovernmental Funds:					
Small business investment companies debentures--FFB direct loans	376				
Authority to borrow, current, indefinite		BA		[w] **−10,750**	
Authority to borrow, permanent, indefinite		BA	**264,884**	**250,000**	...
Outlays		O	163,627	140,000 [w] −10,750	−1,163,911 [J]1,153,161 [w]10,750
Limitation on direct loan obligations (P.L. 99-177).			...	(250,000) [w](−10,750)	...
Total Small business investment companies debentures--FFB direct loans		BA	**264,884**	**239,250**	...
		O	163,627	129,250	...
Section 503 guaranteed loans--FFB direct loans	376				
Authority to borrow, current		BA			[J] **−300,000** [w] **−15,000**
Authority to borrow, permanent, indefinite		BA	**260,076**	**275,000**	**315,000**
Outlays		O	241,099	240,000	−835,685 [J]835,685
Limitation on direct loan obligations (P.L. 99-177).			...	(365,000) [w](−17,200)	...
Total Section 503 guaranteed loans--FFB direct loans		BA	**260,076**	**275,000**	...
		O	241,099	240,000	...
Small business development company loans--FFB loan asset purchases	376				
Outlays		O	−7,163	−10,000	−10,000 [J]10,000
Total Small business development company loans--FFB loan asset purchases		O	−7,163	−10,000	...
Public Enterprise Funds:					
Disaster loan fund	453				
Outlays		O	−273,070	−146,000 [w] −12,470	−171,296 [J]182,046 [w] −10,750
Limitation on direct loan obligations (P.L. 99-177).			...	(600,000) [w](−25,800)	...
Total Disaster loan fund		O	−273,070	−158,470	...
Lease guarantees revolving fund	376				
Outlays		O	738	800	800 [J] −800
Total Lease guarantees revolving fund		O	738	800	...

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Small Business Administration—Con.					
Surety bond guarantees revolving fund	376				
Appropriation, current		BA	**8,910**	**7,000**	**17,425**
					[J] **–17,425**
Outlays		0	7,303	10,000	20,425
					[J] –20,425
Limitation on bond guarantees (P.L. 99-177)			...	(1,115,000)	...
				[W] (–47,945)	
Total Surety bond guarantees revolving fund		BA	**8,910**	**7,000**	...
		0	7,303	10,000	...
Pollution control equipment contract guarantee revolving fund	376				
Appropriation, current		BA	...	...	**21,000**
					[J] **–21,000**
Outlays		0	5,584	14,000	15,000
					[J] –15,000
Limitation on guaranteed loan commitments (P.L. 99-177)			...	(50,000)	...
				[W] (–2,150)	
Total Pollution control equipment contract guarantee revolving fund		0	5,584	14,000	...
Summary					
Federal funds:					
(As shown in detail above)		BA	**1,253,710**	**885,582**	**95,362**
		0	680,279	934,829	141,095
Deductions for offsetting receipts:					
Proprietary receipts from the public	376	BA	...	...	*–496,400*
		0			
		BA			[J] *496,400*
		0			
	453	BA	...	...	*–402,600*
		0			
		BA			[J] *402,600*
		0			
Total Small Business Administration		BA	**1,253,710**	**885,582**	**95,362**
		0	680,279	934,829	141,095

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Veterans Administration					
Federal funds					
General and Special Funds:					
Compensation	701				
Appropriation, current		BA	**10,232,458**	**10,193,000**	**10,406,000**
				[A] 272,000	
					[J] 305,500
Outlays		0	10,243,044	10,207,840	10,388,160
				[A] 245,160	[A] 26,840
					[J] 275,000
Total Compensation		BA	**10,232,458**	**10,465,000**	**10,711,500**
		0	10,243,044	10,453,000	10,690,000
Pensions	701				
Appropriation, current		BA	**3,809,870**	**3,834,000**	**3,824,000**
Outlays		0	3,841,865	3,835,000	3,825,000
Burial benefits and miscellaneous assistance	701				
Appropriation, current		BA	**132,572**	**133,800**	**134,400**
					[J] –31,200
				[W] –5,801	
Outlays		0	132,572	133,800	134,400
					[J] –31,200
				[W] –5,793	[W] –8
Total Burial benefits and miscellaneous assistance		BA	**132,572**	**127,999**	**103,200**
		0	132,572	128,007	103,192
Reinstated entitlement program for survivors under Public Law 97-377	701				
Outlays		0	–15,326	14,970	....
Readjustment benefits	702				
Appropriation, current		BA	**1,130,800**	**826,000**	**741,150**
				[A] 91,000	
				[W] –39,431	
Outlays		0	1,173,667	858,100	755,650
				[A] 91,000	
				[W] –38,678	[W] –753
Total Readjustment benefits		BA	**1,130,800**	**877,569**	**741,150**
		0	1,173,667	910,422	754,897
Veterans job training	702				
Outlays		0	68,838	49,200	5,384
Veterans insurance and indemnities	701				
Appropriation, current		BA	**11,000**	**9,750**	**4,770**
				[W] –5	
Outlays		0	10,916	9,750	4,770
				[W] –5	
Limitation on direct loan obligations (P.L. 99-177)			....	(115)	....
				[W] (–5)	
Total Veterans insurance and indemnities		BA	**11,000**	**9,745**	**4,770**
		0	10,916	9,745	4,770

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Veterans Administration—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Medical care	703				
Appropriation, current		BA	**8,941,169**	**9,247,694**	**9,083,983**
					[j] **2,327**
				[w] **−117,557**	
Outlays		0	8,721,690	9,171,447	8,974,943
					[j] 2,327
				[w] −103,887	[w] −13,991
Limitation on administrative expenses (P.L. 99-177)				[w] (−32,680)	
Total Medical care		BA	**8,941,169**	**9,130,137**	**9,086,310**
		0	8,721,690	9,067,560	8,963,279
Medical and prosthetic research	703				
Appropriation, current		BA	**192,695**	**189,265**	**188,915**
				[w] **−8,138**	
Outlays		0	215,124	188,046	188,915
				[w] −6,555	[w] −1,583
Total Medical and prosthetic research		BA	**192,695**	**181,127**	**188,915**
		0	215,124	181,491	187,332
Medical administration and miscellaneous operating expenses	703				
Appropriation, current		BA	**67,891**	**53,524**	**42,694**
				[w] **−2,302**	
Outlays		0	65,571	57,386	44,499
				[w] −1,755	[w] −547
Total Medical administration and miscellaneous operating expenses		BA	**67,891**	**51,222**	**42,694**
		0	65,571	55,631	43,952
General operating expenses	705				
Appropriation, current		BA	**753,954**	**744,864**	**762,579**
					[j] **952**
				[w] **−32,029**	
Outlays		0	724,048	744,466	761,933
					[j] 952
				[w] −29,041	[w] −2,988
Total General operating expenses		BA	**753,954**	**712,835**	**763,531**
		0	724,048	715,425	759,897
Construction, major projects	703				
Appropriation, current		BA	**568,194**	**507,360**	**301,208**
				[w] **−21,816**	
Outlays		0	397,966	425,452	537,800
				[w] −648	[w] −1,112
Total Construction, major projects		BA	**568,194**	**485,544**	**301,208**
		0	397,966	424,804	536,688

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Veterans Administration—Con.				
Construction, minor projects 703				
Appropriation, current	BA	**199,823**	**136,950**	**106,962**
			[W] −5,889	
Outlays	O	123,512	131,955	150,900
			[W] −1,678	[W] −560
Total Construction, minor projects	BA	**199,823**	**131,061**	**106,962**
	O	123,512	130,277	150,340
Grants for construction of state extended care facilities 703				
Appropriation, current	BA	**34,500**	**21,758**	....
				[K] 42,400
			[W] −936	
Outlays	O	20,364	20,148	25,707
				[W] −203
Total Grants for construction of state extended care facilities	BA	**34,500**	**20,822**	**42,400**
	O	20,364	20,148	25,504
Grants to the Republic of the Philippines 703				
Appropriation, current	BA	**500**	**495**	....
				[K] 500
			[W] −21	
Outlays	O	339	1,070	500
			[W] −7	[W] −14
Total Grants to the Republic of the Philippines	BA	**500**	**474**	**500**
	O	339	1,063	486
Grants for the construction of State veterans cemeteries 705				
Appropriation, current	BA	**5,000**	**2,967**	....
			[W] −128	
Outlays	O	534	2,600	500
				[W] −128
Total Grants for the construction of State veterans cemeteries	BA	**5,000**	**2,839**	....
	O	534	2,600	372
Assistance for health manpower training institutions 703				
Outlays	O	2,171	1,680	....
Public Enterprise Funds:				
Loan guaranty revolving fund 704				
Appropriation, current	BA	**306,600**	**200,000**	....
Outlays	O	278,462	280,100	148,900
				[J] −131,800
			[W] 5,350	
Limitation on guaranteed loan commitments (P.L. 99-177)		....	(12,084,543)	....
			[W] (−515,420)	
Total Loan guaranty revolving fund	BA	**306,600**	**200,000**	....
	O	278,462	285,450	17,100

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Veterans Administration—Con.				
Direct loan revolving fund 704				
Outlays	0	–40,675	–44,730 [w] –10	–43,420 [w] –33
Limitation on direct loan obligations		(1,000)	(989) [w] (–43)	....
Total Direct loan revolving fund	0	–40,675	–44,740	–43,453
Canteen service revolving fund 705				
Outlays	0	–11,027	2,693 [w] –8,104	1,474
Total Canteen service revolving fund	0	–11,027	–5,411	1,474
Service-disabled veterans insurance fund 701				
Outlays	0	–3,168	–290 [w] –297	5,120
Limitation on direct loan obligations (P.L. 99-177)		....	(6,911) [w] (–297)	....
Total Service-disabled veterans insurance fund	0	–3,168	–587	5,120
Veterans reopened insurance fund 701				
Outlays	0	11,417	43,860 [w] –257	–4,540
Limitation on direct loan obligations (P.L. 99-177)		....	(5,970) [w] (–257)	....
Total Veterans reopened insurance fund	0	11,417	43,603	–4,540
Education loan fund 702				
Outlays	0	–6,325	–6,898 [w] –2	–6,657 [4] –44
Limitation on direct loan obligations (P.L. 99-177)		....	(50) [w] (–2)	....
Total Education loan fund	0	–6,325	–6,900	–6,701
Vocational rehabilitation revolving fund 702				
Outlays	0	–41	–7 [w] –23	–13 [w] 23
Limitation on direct loan obligations (P.L. 99-177)		....	(1,069) [w] (–46)	....
Total Vocational rehabilitation revolving fund	0	–41	–30	10
Servicemen's group life insurance fund 701				
Outlays	0	–19,750	25,300	35,100
Special therapeutic and rehabilitation activities fund 703				
Outlays	0	–112	–30 [w] –100	–30
Total Special therapeutic and rehabilitation activities fund	0	–112	–130	–30

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Veterans Administration—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Intragovernmental Funds:					
Supply fund	705				
Outlays		O	−14,543	....	....
Trust funds					
Post-Vietnam era veterans education account	702				
Appropriation, current, indefinite		BA			**[7] 59,200**
Appropriation, permanent, indefinite		BA	**290,399**	**441,600**	**293,500**
Outlays		O	182,458	231,000	217,800
Total Post-Vietnam era veterans education account		BA	**290,399**	**441,600**	**352,700**
		O	182,458	231,000	217,800
General post fund, national homes	705				
Appropriation, permanent, indefinite		BA	**11,521**	**13,500**	**14,500**
Outlays		O	11,400	12,500	13,500
National service life insurance fund	701				
Appropriation, permanent, indefinite		BA	**1,304,888**	**1,360,800**	**1,392,900**
Outlays		O	955,965	1,071,000 * −4,412	1,170,400
Limitation on direct loan obligations (P.L. 99-177)			....	(102,610) * (−4,412)	....
Total National service life insurance fund		BA	**1,304,888**	**1,360,800**	**1,392,900**
		O	955,965	1,066,588	1,170,400
United States government life insurance fund	701				
Appropriation, permanent, indefinite		BA	**21,556**	**19,220**	**17,320**
Outlays		O	45,698	44,300 * −70	41,200
Limitation on direct loan obligations (P.L. 99-177)			....	(1,630) * (−70)	....
Total United States government life insurance fund		BA	**21,556**	**19,220**	**17,320**
		O	45,698	44,230	41,200
Veterans special life insurance fund	701				
Outlays		O	−66,823	−71,400 * −510	−66,300
Limitation on direct loan obligations (P.L. 99-177)			....	(11,870) * (−510)	....
Total Veterans special life insurance fund		O	−66,823	−71,910	−66,300
Summary					
Federal funds:					
(As shown in detail above)		BA	**26,387,026**	**26,230,374**	**25,917,140**
		O	25,921,133	26,297,578	26,055,173
Deductions for offsetting receipts:					
Proprietary receipts from the public	702	BA O	*−3,523*	*−151,285*	*−185,801*
		BA O			*[4] 84,817*
	703	BA O		*[4] −10,400*	*[4] −187,500*

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Veterans Administration—Con.

Summary—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
	704	BA	*−294*	....	....
		0			
Total Federal funds		BA	**26,383,209**	**26,068,689**	**25,628,656**
		0	25,917,316	26,135,893	25,766,689
Trust funds:					
(As shown in detail above)		BA	**1,628,364**	**1,835,120**	**1,777,420**
		0	1,128,698	1,282,408	1,376,600
Deductions for offsetting receipts:					
Proprietary receipts from the public	701	BA	*−421,097*	*−435,700*	*−435,842*
		0			
	702	BA	*−211,790*	*−270,800*	*−111,000*
		0			
		BA			[J] *−59,200*
		0			
Total Trust funds		BA	**995,477**	**1,128,620**	**1,171,378**
		0	495,811	575,908	770,558
Interfund transactions	701	BA	**−1,803**	**−2,636**	**−2,076**
		0			
	702	BA	**−78,609**	**−170,800**	**−182,500**
		0			
Total Veterans Administration		BA	**27,298,274**	**27,023,873**	**26,615,458**
		0	26,332,715	26,538,365	26,352,671

Other Independent Agencies

ACTION

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Operating expenses	506				
Appropriation, current		BA	**150,164**	**151,287**	....
					[X] **149,865**
				[W] **−6,505**	
Outlays		0	128,767	163,772	151,141
				[W] −3,940	[W] −2,434
Total Operating expenses		BA	**150,164**	**144,782**	**149,865**
		0	128,767	159,332	148,707

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Administrative Conference of the United States					
Federal funds					
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current		BA	**1,480**	**1,430** [w] **−61**	**1,559**
Outlays		0	1,430	1,386 [w] −49	1,514 [w] −12
Total Salaries and expenses		BA	**1,480**	**1,369**	**1,559**
		0	1,430	1,337	1,502
Advisory Committee on Federal Pay					
Federal funds					
General and Special Funds:					
Salaries and expenses	805				
Appropriation, current		BA	**220**	**210** [w] **−9**	**229**
Outlays		0	177	218 [w] −9	227
Total		BA	**220**	**201**	**229**
		0	177	209	227
Advisory Council on Historic Preservation					
Federal funds					
General and Special Funds:					
Salaries and expenses	303				
Appropriation, current		BA	**1,546**	**1,575** [w] **−68**	**1,417**
Outlays		0	1,595	1,590 [w] −59	1,422 [w] −9
Total Salaries and expenses		BA	**1,546**	**1,507**	**1,417**
		0	1,595	1,531	1,413
Trust funds					
Donations	303				
Appropriation, permanent, indefinite		BA	**2**	**5**	**5**
Outlays		0	1	6	5

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.				
American Battle Monuments Commission				
Federal funds				
General and Special Funds:				
Salaries and expenses 705				
Appropriation, current	BA	**11,065**	**10,834** **[A] 235** **[W] −466**	**11,673**
Outlays	O	10,440	10,611 [A] 216 [W] −299	11,232 [A] 19 [W] −167
Total Salaries and expenses	BA	**11,065**	**10,603**	**11,673**
	O	10,440	10,528	11,084
Trust funds				
Contributions 705				
Appropriation, permanent, indefinite	BA	**28**	**43**	**43**
Outlays	O	−5	43	43
Architectural and Transportation Barriers Compliance Board				
Federal funds				
General and Special Funds:				
Salaries and expenses 751				
Appropriation, current	BA	**2,000**	**1,975** **[W] −85**	**1,975**
Outlays	O	1,812	2,156 [W] −59	1,976 [W] −12
Total Salaries and expenses	BA	**2,000**	**1,890**	**1,975**
	O	1,812	2,097	1,964
Arms Control and Disarmament Agency				
Federal funds				
General and Special Funds:				
Arms control and disarmament activities 153				
Appropriation, current	BA	**23,602**	**25,850** **[W] −1,112**	**31,000**
Outlays	O	16,462	31,548 [W] −945	30,113 [W] −111
Total Arms control and disarmament activities	BA	**23,602**	**24,738**	**31,000**
	O	16,462	30,603	30,002

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Board for International Broadcasting					
Federal funds					
General and Special Funds:					
Grants and expenses	154				
Appropriation, current		BA	**111,251**	**102,700** **[A] 14,500** **[W] −4,416**	**125,000** **[K] 42,509**
Reappropriation		BA	**10,377**	....	....
Outlays		O	96,957	119,880 [A] 14,500 [W] −4,416	158,170
Total Grants and expenses		BA	**121,628**	**112,784**	**167,509**
		O	96,957	129,964	158,170
Central Intelligence Agency					
Federal funds					
General and Special Funds:					
Payment to the Central Intelligence Agency retirement and disability fund	054				
Appropriation, current		BA	**99,300**	**101,400**	**125,800**
Outlays		O	99,300	101,400	125,800
Enhanced security countermeasures capabilities	054				
Appropriation, current		BA	**35,000**	....	....
Outlays		O	....	26,000 [W] −309	9,000 [W] −441
Total Enhanced security countermeasures capabilities		BA	**35,000**	....	....
		O	....	25,691	8,559
Total Federal funds Central Intelligence Agency		BA	**134,300**	**101,400**	**125,800**
		O	99,300	127,091	134,359
Civil Aeronautics Board					
Federal funds					
General and Special Funds:					
Salaries and expenses	402				
Appropriation, current		BA	**5,116**	....	....
Outlays		O	3,516	....	....

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Other Independent Agencies—Con.

Commission of Fine Arts

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	451				
Appropriation, current		BA	**374**	**380** [w] **−16**	**420**
Outlays		0	355	380 [w] −15	420 [w] −1
Total Salaries and expenses		BA	**374**	**364**	**420**
		0	355	365	419

Commission on Civil Rights

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current		BA	**12,869**	**12,300** [w] **−529**	**12,576**
Outlays		0	12,516	12,315 [w] −456	12,562 [w] −73
Total Salaries and expenses		BA	**12,869**	**11,771**	**12,576**
		0	12,516	11,859	12,489

Committee for Purchase from the Blind and other Severely Handicapped

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current		BA	**710**	**730** [w] **−31**	**778**
Outlays		0	703	729 [w] −26	770 [w] −5
Total Salaries and expenses		BA	**710**	**699**	**778**
		0	703	703	765

Commodity Futures Trading Commission

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Commodity Futures Trading Commission	376				
Appropriation, current		BA	**27,564**	**29,240** [w] **−1,257**	**30,418**
Outlays		0	27,878	29,862 [w] −1,134	30,300 [w] −123
Total Commodity Futures Trading Commission		BA	**27,564**	**27,983**	**30,418**
		0	27,878	28,728	30,177

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Community Services Administration					
Federal funds					
General and Special Funds:					
Community services program	506				
Outlays		0	−1,183	−1,000	....
Consumer Product Safety Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	554				
Appropriation, current		BA	**36,500**	**36,000** [W] **−1,548**	**33,000**
Outlays		0	35,040	36,004 [W] −1,317	33,457 [W] −231
Total Salaries and expenses		BA	**36,500**	**34,452**	**33,000**
		0	35,040	34,687	33,226
Corporation for Public Broadcasting					
Federal funds					
General and Special Funds:					
Public broadcasting fund	503				
Appropriation, permanent		BA	**150,500**	**159,500**	**200,000**
Outlays		0	150,500	159,500	200,000
District of Columbia					
Federal funds					
General and Special Funds:					
Federal payment to the District of Columbia	852				
Appropriation, current		BA	**547,523**	**546,780** [W] **−16,753**	**560,380**
Outlays		0	547,523	546,780 [W] −16,753	560,380
Total Federal payment to the District of Columbia		BA	**547,523**	**530,027**	**560,380**
		0	547,523	530,027	560,380
Summary					
Federal funds:					
(As shown in detail above)		BA	**547,523**	**530,027**	**560,380**
		0	547,523	530,027	560,380
Deductions for offsetting receipts:					
Proprietary receipts from the public	852	BA 0	*−311,005*	*−35,478*	*−38,376*
Total District of Columbia		BA	**236,518**	**494,549**	**522,004**
		0	236,518	494,549	522,004

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars, —Continued

Other Independent Agencies—Con.

Equal Employment Opportunity Commission

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	751				
Appropriation, current		BA	**163,655**	**165,000** [w] **−7,095**	**167,691**
Outlays		O	158,207	167,960 [w] −6,302	167,564 [w] −732
Total Salaries and expenses		BA	**163,655**	**157,905**	**167,691**
		O	158,207	161,658	166,832

Export-Import Bank of the United States

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
Public Enterprise Funds:					
Export-Import Bank of the United States	155				
Outlays		O	−383,614	−150,000 [w] −5,984	−938,643 [w] −11,314
Limitation on administrative expenses			(18,900)	(18,357) [w] (−789)	(19,175)
Limitation on direct loan obligations			(3,865,000)	(1,110,000) [w] (−47,730)	....
Limitation on guaranteed loan commitments			(10,000,000)	(12,000,000) [w] (−516,000)	(12,000,000)
Total Export-Import Bank of the United States		O	−383,614	−155,984	−949,957
Interest rate subsidy program	155				
Outlays		O			[J] −4,740
Total Federal funds Export-Import Bank of the United States		O	−383,614	−155,984	−954,697

Farm Credit Administration

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
Public Enterprise Funds:					
Revolving fund for administrative expenses	351				
Outlays		O	1,009	−3,734 [w] −1,321	....
Limitation on administrative expenses			(22,092)	(30,724) [w] (−1,321)	(39,420)
Total Revolving fund for administrative expenses		O	1,009	−5,055	....

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Federal Communications Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current		BA	**95,441**	**94,400**	**96,363**
				[w] **−4,059**	
Outlays		O	93,861	96,831	95,862
				[w] −3,779	[w] −280
Total Salaries and expenses		BA	**95,441**	**90,341**	**96,363**
		O	93,861	93,052	95,582
Federal Deposit Insurance Corporation					
Trust funds					
Federal Deposit Insurance Corporation	371				
Outlays		O	−1,942,067	−1,650,000	−1,900,000
				[w] −8,397	
Limitation on administrative expenses			....	(187,118)	....
				[w] (−8,397)	
Total Federal Deposit Insurance Corporation		O	−1,942,067	−1,658,397	−1,900,000
Federal Election Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	806				
Appropriation, current		BA	**13,016**	**12,433**	**12,800**
				[w] **−535**	
Outlays		O	11,532	13,149	12,826
				[w] −472	[w] −63
Total Salaries and expenses		BA	**13,016**	**11,898**	**12,800**
		O	11,532	12,677	12,763
Federal Emergency Management Agency					
Federal funds					
General and Special Funds:					
Salaries and expenses:					
(Defense-related activities)	054				
(Appropriation, current)		BA	**69,511**	**67,731**	**43,737**
					[x] **27,646**
				[w] **−2,912**	
(Outlays)		O	69,613	68,604	70,869
				[w] −2,664	[w] −248
Total (Defense-related activities)		BA	**69,511**	**64,819**	**71,383**
		O	69,613	65,940	70,621

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.				
Federal Emergency Management Agency—Con.				
(Disaster relief and insurance) 453				
(Appropriation, current)	BA	**60,957**	**55,679**	**36,729**
				[K] **10,395**
			[W] **−2,394**	
(Outlays)	0	62,915	56,396	47,775
			[W] −2,119	[W] −275
Total (Disaster relief and insurance)	BA	**60,957**	**53,285**	**47,124**
	0	62,915	54,277	47,500
Total Salaries and expenses	BA	**130,468**	**118,104**	**118,507**
	0	132,528	120,217	118,121
Emergency management planning and assistance:				
(Defense-related activities) 054				
(Appropriation, current)	BA	**250,432**	**220,921**	**134,174**
				[K] **98,919**
			[W] **−9,500**	
(Outlays)	0	279,975	260,608	205,632
			[W] −5,225	[W] −3,206
Total (Defense-related activities)	BA	**250,432**	**211,421**	**233,093**
	0	279,975	255,383	202,426
(Disaster relief and insurance) 453				
(Appropriation, current)	BA	**78,395**	**73,236**	**12,417**
				[K] **5,233**
			[W] **−3,149**	
(Outlays)	0	91,659	86,392	43,285
			[W] −1,732	[W] −1,063
Total (Disaster relief and insurance)	BA	**78,395**	**70,087**	**17,650**
	0	91,659	84,660	42,222
Total Emergency management planning and assistance	BA	**328,827**	**281,508**	**250,743**
	0	371,634	340,043	244,648
Emergency food distribution and shelter program 605				
Appropriation, current	BA	**20,000**	**70,000**	....
Outlays	0	69,370	90,000	....
Public Enterprise Funds:				
National insurance development fund 451				
Appropriation, current	BA	....	**10,000**	....
			[W] **−430**	
Authority to borrow, current, indefinite	BA		[W] **−12**	
Authority to borrow, permanent, indefinite	BA	**622**	**12,892**	**14,492**
Outlays	0	14,518	23,018	16,415
			[W] −442	
Total National insurance development fund	BA	**622**	**22,450**	**14,492**
	0	14,518	22,576	16,415

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Federal Emergency Management Agency—Con.					
National flood insurance fund	453				
Authority to borrow, permanent, indefinite		BA		**79,249**	**5,447**
Outlays		0	–119,347	51,221	–38,155
Trust funds					
Gift and bequests, fire administration	451				
Outlays		0		1	
Total Federal funds Federal Emergency Management Agency		BA	**479,917**	**571,311**	**389,189**
		0	468,703	624,057	341,029
Total Trust funds Federal Emergency Management Agency		0		1	
Federal Home Loan Bank Board					
Federal funds					
Public Enterprise Funds:					
Federal Home Loan Bank Board revolving fund	371				
Outlays		0	30		
				[w] –1,156	
Limitation on administrative expenses			(25,491)	(26,877)	(32,193)
				[A] (3,429)	
				[w] (–1,156)	
Limitation on nonadministrative expenses			(43,184)		
Total Federal Home Loan Bank Board revolving fund		0	30	–1,156	
Federal Savings and Loan Insurance Corporation fund	371				
Authority to borrow, permanent, indefinite		BA	**200,000**		
Outlays		0	614,490	457,000	–197,117
				[w] –62	
Limitation on administrative expenses			(1,343)	(1,440)	(1,466)
				[w] (–62)	
Total Federal Savings and Loan Insurance Corporation fund		BA	**200,000**		
		0	614,490	456,938	–197,117
Total Federal funds Federal Home Loan Bank Board		BA	**200,000**		
		0	614,520	455,782	–197,117

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Federal Labor Relations Authority					
Federal funds					
General and Special Funds:					
Salaries and expenses	805				
Appropriation, current		BA	**17,364**	**17,064** [W] **−734**	**17,064**
Outlays		O	17,274	16,979 [W] −670	16,979 [W] −64
Total Salaries and expenses		BA	**17,364**	**16,330**	**17,064**
		O	17,274	16,309	16,915
Federal Maritime Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	403				
Appropriation, current		BA	**12,292**	**11,870** [W] **−510**	**11,940**
Outlays		O	11,606	11,880 [W] −457	11,950 [W] −53
Total Salaries and expenses		BA	**12,292**	**11,360**	**11,940**
		O	11,606	11,423	11,897
Federal Mediation and Conciliation Service					
Federal funds					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current		BA	**23,845**	**23,394** [A] **268** [W] **−1,006**	**23,220**
Outlays		O	23,122	24,018 [A] 161 [W] −922	23,300 [A] 107 [W] −69
Total Salaries and expenses		BA	**23,845**	**22,656**	**23,220**
		O	23,122	23,257	23,338
Federal Mine Safety and Health Review Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	554				
Appropriation, current		BA	**3,837**	**3,815** [W] **−164**	**3,919**
Outlays		O	3,236	3,909 [W] −154	3,914 [W] −10
Total Salaries and expenses		BA	**3,837**	**3,651**	**3,919**
		O	3,236	3,755	3,904

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Federal Trade Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current		BA	**69,572**	**65,500** [w] **−2,817**	**69,045**
Outlays		O	65,267	68,825 [w] −2,634	68,355 [w] −183
Total Salaries and expenses		BA	**69,572**	**62,683**	**69,045**
		O	65,267	66,191	68,172
Harry S Truman Scholarship Foundation					
Trust funds					
Harry S Truman memorial scholarship trust fund	502				
Appropriation, permanent, indefinite		BA	**3,959**	**4,485**	**4,400**
Outlays		O	1,332	2,549 [w] −85	2,963 [w] −88
Limitation on administrative expenses (P.L. 99-177)				(463) [w] (−20)	
Limitation on program level (obligations) (P.L. 99-177)				(2,086) [w] (−65)	
Total Harry S Truman memorial scholarship trust fund		BA	**3,959**	**4,485**	**4,400**
		O	1,332	2,464	2,875
Historical and Memorial Agencies					
Christopher Columbus Quincentennary Jubilee Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current		BA			**220**
Outlays		O		220 [w] −9	220
Total Salaries and expenses		BA			**220**
		O		211	220

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Other Independent Agencies—Con.

Historical and Memorial Agencies—Con.

Commission on the Bicentennial of the U.S. Constitution

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	806				
Appropriation, current		BA	**331**	**12,775** * **−549**	**12,000**
Outlays		O	....	6,719 * −275	12,387 * −274
Total Salaries and expenses		BA	**331**	**12,226**	**12,000**
		O	....	6,444	12,113

Franklin Delano Roosevelt Memorial Commission

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Salaries and expenses	806				
Appropriation, current		BA	**21**	**21** * **−1**	....
Outlays		O	20	24	21 * −1
Total Salaries and expenses		BA	**21**	**20**	....
		O	20	24	20
Total Federal funds Historical and Memorial Agencies		BA	**352**	**12,246**	**12,220**
		O	20	6,679	12,353

Intelligence Community Staff

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Intelligence community staff	054				
Appropriation, current		BA	**20,971**	**22,083** * **−1,082**	**22,938**
Outlays		O	19,892	20,973 * −736	22,244 * −278
Total Intelligence community staff		BA	**20,971**	**21,001**	**22,938**
		O	19,892	20,237	21,966

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Intragovernmental Agencies					
Advisory Commission on Intergovernmental Relations					
Federal funds					
General and Special Funds:					
Salaries and expenses	806				
Appropriation, current		BA	**2,148**	**2,041** * −**88**	**2,090**
Outlays		0	1,982	2,010 * −75	2,086 * −13
Total Salaries and expenses		BA	**2,148**	**1,953**	**2,090**
		0	1,982	1,935	2,073
Trust funds					
Contributions	806				
Appropriation, permanent, indefinite		BA	**110**	**170**	**170**
Outlays		0	134	170	170
Appalachian Regional Commission					
Federal funds					
General and Special Funds:					
Appalachian regional development programs	452				
Appropriation, current		BA	**151,300**	**122,200** // −**81,000** * −**5,255**	....
Outlays		0	203,532	159,198 // −4,482 * −367	147,038 // −21,330 * −1,382
Total Appalachian regional development programs		BA	**151,300**	**35,945**	....
		0	203,532	154,349	124,326
Trust funds					
Miscellaneous trust funds	452				
Appropriation, permanent, indefinite		BA	**3,700**	**3,310**	**1,198**
Outlays		0	4,301	4,375 * −190	2,978
Total Miscellaneous trust funds		BA	**3,700**	**3,310**	**1,198**
		0	4,301	4,185	2,978
Summary					
Federal funds:					
(As shown in detail above)		BA	**151,300**	**35,945**	....
		0	203,532	154,349	124,326
Trust funds:					
(As shown in detail above)		BA	**3,700**	**3,310**	**1,198**
		0	4,301	4,185	2,978

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Intragovernmental Agencies—Con.					
Appalachian Regional Commission—Con.					
Deductions for offsetting receipts:					
Proprietary receipts from the public	452	BA O	*−2,313*	*−1,750*	....
Total Trust funds		BA	**1,387**	**1,560**	**1,198**
		O	1,988	2,435	2,978
Interfund transactions	452	BA O	**−1,387**	**−1,560**	**−1,198**
Total Appalachian Regional Commission		BA	**151,300**	**35,945**	....
		O	204,133	155,224	126,106
Delaware River Basin Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	301				
Appropriation, current		BA	**174**	**168** [w] **−7**	**185**
Outlays		O	155	168 [w] −7	185
Total Salaries and expenses		BA	**174**	**161**	**185**
		O	155	161	185
Contribution to Delaware River Basin Commission	301				
Appropriation, current		BA	**283**	**275** [w] **−12**	**200**
Outlays		O	283	275 [w] −12	200
Total Contribution to Delaware River Basin Commission		BA	**283**	**263**	**200**
		O	283	263	200
Total Federal funds Delaware River Basin Commission		BA	**457**	**424**	**385**
		O	438	424	385
Interstate Commission on the Potomac River Basin					
Federal funds					
General and Special Funds:					
Contribution to Interstate Commission on the Potomac River Basin	304				
Appropriation, current		BA	**70**	**79**	....
Outlays		O	70	79	....

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.				
Intragovernmental Agencies—Con.				
Susquehanna River Basin Commission				
Federal funds				
General and Special Funds:				
Salaries and expenses 301				
Appropriation, current	BA	**169**	**163**	**179**
			[W] -7	
Outlays	0	154	163	179
			[W] -7	
Total Salaries and expenses	BA	**169**	**156**	**179**
	0	154	156	179
Contribution to Susquehanna River Basin Commission 301				
Appropriation, current	BA	**230**	**230**	**240**
			[W] -10	
Outlays	0	230	230	240
			[W] -10	
Total Contribution to Susquehanna River Basin Commission	BA	**230**	**220**	**240**
	0	230	220	240
Total Federal funds Susquehanna River Basin Commission	BA	**399**	**376**	**419**
	0	384	376	419
Washington Metropolitan Area Transit Authority				
Federal funds				
General and Special Funds:				
Interest payments 401				
Appropriation, current	BA	**46,176**	**51,664**	**51,664**
Outlays	0	70,552	66,664	66,664
Total Federal funds Intragovernmental Agencies	BA	**200,550**	**90,441**	**54,558**
	0	276,958	223,827	193,867
Total Trust funds Intragovernmental Agencies	BA	**1,497**	**1,730**	**1,368**
	0	2,122	2,605	3,148
International Trade Commission				
Federal funds				
General and Special Funds:				
Salaries and expenses 153				
Appropriation, current	BA	**25,130**	**28,600**	....
				[K] 29,700
			[W] -1,230	
Outlays	0	20,970	29,536	29,700
			[W] -1,058	[W] -172
Total Salaries and expenses	BA	**25,130**	**27,370**	**29,700**
	0	20,970	28,478	29,528

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Other Independent Agencies—Con.

Interstate Commerce Commission

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Salaries and expenses 401				
Appropriation, current	BA	**51,100**	**48,180**	**48,300**
				[J] **−35,400**
			[w] **−2,072**	
Outlays	0	50,151	51,206	49,072
				[J] −35,100
			[w] −1,961	[w] −111
Total Salaries and expenses	BA	**51,100**	**46,108**	**12,900**
	0	50,151	49,245	13,861
Payments for directed rail service 401				
Outlays	0	−1		
Total Federal funds Interstate Commerce Commission	BA	**51,100**	**46,108**	**12,900**
	0	50,150	49,245	13,861

Japan-United States Friendship Commission

Trust funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
Japan-United States friendship trust fund 154				
Appropriation, current	BA	**1,600**	**775**	**1,550**
			[w] **−33**	
Outlays	0	2,236	2,075	2,450
			[w] −33	
Total Japan-United States friendship trust fund	BA	**1,600**	**742**	**1,550**
	0	2,236	2,042	2,450

Legal Services Corporation

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Payment to the Legal Services Corporation 752				
Appropriation, current	BA	**313,000**	**305,500**	
			[w] **−13,137**	
Outlays	0	300,233	312,236	39,500
			[w] −11,438	[w] −1,699
Total Payment to the Legal Services Corporation	BA	**313,000**	**292,363**	
	0	300,233	300,798	37,801

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Marine Mammal Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	302				
Appropriation, current		BA	**929**	**900**	**848**
				[w] −39	
Outlays		0	811	1,053	867
				[w] −31	[w] −8
Total Salaries and expenses		BA	**929**	**861**	**848**
		0	811	1,022	859
Merit Systems Protection Board					
Federal funds					
General and Special Funds:					
Salaries and expenses	805				
Appropriation, current		BA	**20,671**	**20,000**	**20,251**
				[w] −860	
Outlays		0	18,596	19,800	20,048
				[w] −771	[w] −89
Limitation payable under transfers from trust funds			(1,071)	(1,200)	(1,200)
Total Salaries and expenses		BA	**20,671**	**19,140**	**20,251**
		0	18,596	19,029	19,959
Office of the Special Counsel	805				
Appropriation, current		BA	**4,627**	**4,594**	**4,640**
				[w] −198	
Outlays		0	4,705	4,548	4,594
				[w] −189	[w] −9
Total Office of the Special Counsel		BA	**4,627**	**4,396**	**4,640**
		0	4,705	4,359	4,585
Total Federal funds Merit Systems Protection Board		BA	**25,298**	**23,536**	**24,891**
		0	23,301	23,388	24,544
National Archives and Records Administration					
Federal funds					
General and Special Funds:					
Operating expenses	804				
Appropriation, current		BA	**100,626**	**101,363**	**101,321**
				[w] −4,359	
Outlays		0	95,961	103,918	102,287
				[w] −3,438	[w] −921
Total Operating expenses		BA	**100,626**	**97,004**	**101,321**
		0	95,961	100,480	101,366
Trust funds					
National archives gift fund	804				
Appropriation, permanent, indefinite		BA	**−93**	**604**	**284**
Outlays		0	870	504	284

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.				
National Archives and Records Administration—Con.				
National archives trust fund 804				
Outlays	0	3,523	−576 [w] −330	−814
Total National archives trust fund	0	3,523	−906	−814
Total Federal funds National Archives and Records Administration	BA	**100,626**	**97,004**	**101,321**
	0	95,961	100,480	101,366
Total Trust funds National Archives and Records Administration	BA	**−93**	**604**	**284**
	0	4,393	−402	−530
National Capital Planning Commission				
Federal funds				
General and Special Funds:				
Salaries and expenses 451				
Appropriation, current	BA	**2,692**	**2,696** [w] **−116**	**2,684**
Outlays	0	2,556	2,696 [w] −110	2,684 [w] −6
Total Salaries and expenses	BA	**2,692**	**2,580**	**2,684**
	0	2,556	2,586	2,678
National Afro-American History and Culture Commission				
Federal funds				
General and Special Funds:				
National Center for the Study of Afro-American History and Culture 503				
Appropriation, current	BA	......	**200** [w] **−9**	......
Outlays	0	......	180 [w] −8	20 [w] −1
Total National Center for the Study of Afro-American History and Culture	BA	......	**191**	......
	0	......	172	19

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
National Commission on Libraries and Information Science					
Federal funds					
General and Special Funds:					
Salaries and expenses	503				
Appropriation, current		BA	**720**	**690** [w] **−30**	**690**
Outlays		O	723	910 [w] −26	690 [w] −4
Total Salaries and expenses		BA	**720**	**660**	**690**
		O	723	884	686
Trust funds					
Contributions	503				
Appropriation, permanent		BA	**1**		
Outlays		O	−5	8	
National Council on the Handicapped					
Federal funds					
General and Special Funds:					
Salaries and expenses	506				
Appropriation, current		BA	**750**	**765** [w] **−33**	**850**
Outlays		O	727	829 [w] −28	840 [w] −5
Total Salaries and expenses		BA	**750**	**732**	**850**
		O	727	801	835
Trust funds					
Gifts and donations	506				
Outlays		O	−2	2	
National Credit Union Administration					
Federal funds					
Public Enterprise Funds:					
Operating fund	371				
Outlays		O	6,475	−2,648 [w] −1,481	−4,792
Total Operating fund		O	6,475	−4,129	−4,792
Credit union share insurance fund	371				
Outlays		O	−814,651	−234,000	−266,988

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.				
National Credit Union Administration—Con.				
Central liquidity facility 371				
Outlays	O	−46,727	−20,724 [w] −36	−21,700
Limitation on administrative expenses (P.L. 99-177)		....	(841) [w] (−36)	....
Limitation on direct loan obligations		(600,000)	(593,400) [w] (−25,516)	(600,000)
Total Central liquidity facility	O	−46,727	−20,760	−21,700
Total Federal funds National Credit Union Administration	O	−854,903	−258,889	−293,480
National Foundation on the Arts and the Humanities				
National Endowment for the Arts				
Federal funds				
General and Special Funds:				
National endowment for the arts: Grants and administration 503				
Appropriation, current	BA	**163,660**	**165,661** [w] **−7,123**	**144,900**
Outlays	O	148,782	175,217 [w] −2,433	165,825 [w] −3,410
Total National endowment for the arts	BA	**163,660**	**158,538**	**144,900**
	O	148,782	172,784	162,415
Arts and artifacts indemnity fund 503				
Appropriation, current	BA	....	**298** [w] **−13**	....
Total Arts and artifacts indemnity fund	BA	....	**285**	....
Trust funds				
Gifts and donations (arts) 503				
Appropriation, permanent, indefinite	BA	**29**	**19**	**19**
Outlays	O	28	25	25
Total Federal funds National Endowment for the Arts	BA	**163,660**	**158,823**	**144,900**
	O	148,782	172,784	162,415
Total Trust funds National Endowment for the Arts	BA	**29**	**19**	**19**
	O	28	25	25

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Other Independent Agencies—Con.

National Foundation on the Arts and the Humanities—Con.

National Endowment for the Humanities

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
National endowment for the humanities: Grants and administration 503				
Appropriation, current	BA	**139,478**	**140,629** [H] **−1,903** [W] **−6,047**	**126,440**
Outlays	O	148,770	150,665 [H] −478 [W] −3,019	133,514 [H] −1,425 [W] −1,820
Total National endowment for the humanities	BA	**139,478**	**132,679**	**126,440**
	O	148,770	147,168	130,269

Trust funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
Gifts and donations (humanities) 503				
Appropriation, permanent, indefinite	BA	**777**	**200**	**200**
Outlays	O	703	843	200

Institute of Museum Services

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
General and Special Funds:				
Institute of Museum Services 503				
Appropriation, current	BA	**21,560**	**21,394** [W] **−920**	**330**
Outlays	O	19,307	26,653 [W] −231	16,292 [W] −689
Total Institute of Museum Services	BA	**21,560**	**20,474**	**330**
	O	19,307	26,422	15,603
Total Federal funds National Foundation on the Arts and the Humanities	BA	**324,698**	**311,976**	**271,670**
	O	316,859	346,374	308,287
Total Trust funds National Foundation on the Arts and the Humanities	BA	**806**	**219**	**219**
	O	731	868	225

National Institute of Building Sciences

Trust funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
National Institute of Building Sciences trust fund 376				
Appropriation, permanent, indefinite	BA	**248**	**500**	**500**
Outlays	O	248	500 [W] −22	500
Total National Institute of Building Sciences trust fund	BA	**248**	**500**	**500**
	O	248	478	500

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
National Labor Relations Board					
Federal funds					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current		BA	**137,964**	**134,854**	**130,865**
				[w] **−5,799**	
Outlays		0	133,720	137,297	131,557
				[w] −5,423	[w] −352
Total Salaries and expenses		BA	**137,964**	**129,055**	**130,865**
		0	133,720	131,874	131,205
National Mediation Board					
Federal funds					
General and Special Funds:					
Salaries and expenses	505				
Appropriation, current		BA	**6,358**	**6,358**	**6,540**
				[w] **−273**	
Outlays		0	5,502	5,613	5,763
				[w] −218	[w] −22
Total Salaries and expenses		BA	**6,358**	**6,085**	**6,540**
		0	5,502	5,395	5,741
National Science Foundation					
Federal funds					
General and Special Funds:					
Research and related activities	251				
Appropriation, current		BA	**1,306,012**	**1,352,205**	…………
					[K] **1,479,000**
				[w] **−58,145**	
Outlays		0	1,179,575	1,325,000	1,448,000
				[w] −31,922	[w] −21,572
Total Research and related activities		BA	**1,306,012**	**1,294,060**	**1,479,000**
		0	1,179,575	1,293,078	1,426,428
U.S. Antarctic program	251				
Appropriation, current		BA	**110,830**	**115,100**	…………
					[K] **117,000**
				[w] **−4,949**	
Outlays		0	73,408	115,915	115,000
				[w] −1,732	[w] −2,969
Total U.S. Antarctic program		BA	**110,830**	**110,151**	**117,000**
		0	73,408	114,183	112,031

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.				
National Science Foundation—Con.				
Scientific activities overseas (special foreign currency program) 251				
Appropriation, current	BA	**2,800**	**1,000**	……
				[K] 700
			[W] −43	
Outlays	O	2,672	3,000	2,000
			[W] −22	[W] −17
Total Scientific activities overseas (special foreign currency program)	BA	**2,800**	**957**	**700**
	O	2,672	2,978	1,983
Science and engineering education activities 251				
Appropriation, current	BA	**82,000**	**55,550**	……
				[K] 89,000
			[W] −2,389	
Outlays	O	60,069	74,750	87,000
			[W] −358	[W] −1,314
Total Science and engineering education activities	BA	**82,000**	**53,161**	**89,000**
	O	60,069	74,392	85,686
Trust funds				
Donations 251				
Appropriation, permanent, indefinite	BA	**3,703**	**5,000**	**5,000**
Outlays	O	−3,106	5,000	5,000
Total Federal funds National Science Foundation	BA	**1,501,642**	**1,458,329**	**1,685,700**
	O	1,315,724	1,484,631	1,626,128
Total Trust funds National Science Foundation	BA	**3,703**	**5,000**	**5,000**
	O	−3,106	5,000	5,000
National Transportation Safety Board				
Federal funds				
General and Special Funds:				
Salaries and expenses 407				
Appropriation, current	BA	**21,899**	**22,300**	……
				[K] 21,430
			[W] −959	
Outlays	O	21,579	22,259	21,519
			[W] −901	[W] −58
Total Salaries and expenses	BA	**21,899**	**21,341**	**21,430**
	O	21,579	21,358	21,461
Emergency fund 407				
Outlays	O	……	351	……
Total Federal funds National Transportation Safety Board	BA	**21,899**	**21,341**	**21,430**
	O	21,579	21,709	21,461

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Neighborhood Reinvestment Corporation					
Federal funds					
General and Special Funds:					
Payment to the Neighborhood Reinvestment Corporation	451				
Appropriation, current		BA	**15,512**	**17,669**	**15,285**
Outlays		O	15,512	17,669	15,285
Nuclear Regulatory Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	276				
Appropriation, current		BA	**448,200**	**418,000**	
					[A] **405,000**
				[W] **−17,974**	
Outlays		O	467,652	442,000	418,000
				[W] −13,481	[W] −4,493
Total Salaries and expenses		BA	**448,200**	**400,026**	**405,000**
		O	467,652	428,519	413,507
Occupational Safety and Health Review Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	554				
Appropriation, current		BA	**6,143**	**5,901**	**5,750**
				[W] **−254**	
Outlays		O	5,728	5,947	5,758
				[W] −236	[W] −17
Total Salaries and expenses		BA	**6,143**	**5,647**	**5,750**
		O	5,728	5,711	5,741
Panama Canal Commission					
Federal funds					
General and Special Funds:					
Operations and facilities	403				
Appropriation, current		BA	**429,846**	**425,784**	**437,250**
				[A] **25,619**	
					[J] **−437,250**
				[W] **−18,309**	
Indefinite		BA		**6,450**	
					[J] **−8,700**
Appropriation, permanent, indefinite		BA			**8,700**
Outlays		O	412,614	430,707	442,800
				[A] 19,494	[A] 6,125
					[J] −442,800
				[W] −15,634	[W] −2,675
Total Operations and facilities		BA	**429,846**	**439,544**	
		O	412,614	434,567	3,450

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars) —Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Panama Canal Commission—Con.					
General and Special Funds:					
Operations and facilities	403				
Appropriation, current		BA			[7] **437,250**
Indefinite		BA			[7] **8,700**
Outlays		0			[7] 442,800
Total Operations and facilities		BA			**445,950**
		0			442,800
Summary					
Federal funds:					
(As shown in detail above)		BA	**429,846**	**439,544**	**445,950**
		0	412,614	434,567	446,250
Deductions for offsetting receipts:					
Proprietary receipts from the public	403	BA 0	*−416,107*	*−436,573*	*−443,970*
Total Panama Canal Commission		BA	**13,739**	**2,971**	**1,980**
		0	−3,493	−2,006	2,280
Pennsylvania Avenue Development Corporation					
Federal funds					
General and Special Funds:					
Salaries and expenses	451				
Appropriation, current		BA	**2,272**	**2,315** [14] **−100**	**2,437**
Outlays		0	2,037	2,220 [14] −83	2,193 [14] −17
Total Salaries and expenses		BA	**2,272**	**2,215**	**2,437**
		0	2,037	2,137	2,176
Public development	451				
Appropriation, current		BA	**4,410**	**3,230** [14] **−139**	**3,774**
Outlays		0	4,720	7,690 [14] −46	6,447 [14] −93
Total Public development		BA	**4,410**	**3,091**	**3,774**
		0	4,720	7,644	6,354
Public Enterprise Funds:					
Land acquisition and development fund	451				
Outlays		0	3,161	3,250 [14] −1,075	5,000
Total Land acquisition and development fund		0	3,161	2,175	5,000

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Pennsylvania Avenue Development Corporation—Con.					
Trust funds					
Gifts and donations	451				
Appropriation, permanent, indefinite		BA		**2,623**	
Outlays		O	10	1,430	802
Total Federal funds Pennsylvania Avenue Development Corporation		BA	**6,682**	**5,306**	**6,211**
		O	9,918	11,956	13,530
Total Trust funds Pennsylvania Avenue Development Corporation		BA		**2,623**	
		O	10	1,430	802
Postal Service					
Federal funds					
General and Special Funds:					
Payment to the Postal Service fund	372				
Appropriation, current		BA	**1,209,129**	**748,000** [*] **−32,164**	**40,049**
Outlays		O	1,209,557	748,000 [*] −32,164	40,049
Total Payment to the Postal Service fund		BA	**1,209,129**	**715,836**	**40,049**
		O	1,209,557	715,836	40,049
Public Enterprise Funds:					
Postal Service	372				
Authority to borrow, current, indefinite		BA		[*] **−50,908**	[2] **777,000**
Authority to borrow, permanent, indefinite		BA	**1,430,309**	**3,308,984**	**2,697,700**
Outlays		O	141,543	679,793 [*] −50,908	1,866,311 [2] 777,000
Total Postal Service		BA	**1,430,309**	**3,258,076**	**3,474,700**
		O	141,543	628,885	2,643,311
Total Federal funds Postal Service		BA	**2,639,438**	**3,973,912**	**3,514,749**
		O	1,351,100	1,344,721	2,683,360
Railroad Retirement Board					
Federal funds					
General and Special Funds:					
Federal windfall subsidy	601				
Appropriation, current		BA	**405,400**	**392,200** [*] **−16,865**	**255,980** [*] **−26,047**
Outlays		O	400,146	390,000 [*] −16,770	255,880 [*] −26,040
Total Federal windfall subsidy		BA	**405,400**	**375,335**	**229,933**
		O	400,146	373,230	229,840

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.				
Railroad Retirement Board—Con.				
Federal payments to the railroad retirement accounts 601				
Appropriation, current	BA	**14,600**	**2,000**	**3,000**
				[2] 44,000
Appropriation, permanent, indefinite	BA	**2,922,294**	**3,313,000**	**2,639,000**
Outlays	0	2,935,894	3,316,000	2,642,000
				[2] 44,000
Total Federal payments to the railroad retirement accounts	BA	**2,936,894**	**3,315,000**	**2,686,000**
	0	2,935,894	3,316,000	2,686,000
Milwaukee railroad restructuring, administration 603				
Outlays	0	321	43	....
			[4] −2	
Total Milwaukee railroad restructuring, administration	0	321	41	....
Trust funds				
Rail Industry Pension Fund 601				
Appropriation, current, indefinite	BA			**[2] 155,000**
Appropriation, permanent, indefinite	BA	**3,446,782**	**3,749,000**	**3,195,000**
Outlays	0	2,269,871	2,273,366	2,368,192
				[2] 74,000
			[4] −19,106	[4] −2,404
Limitation on administration		(55,422)	(55,422)	(55,614)
			[4] (−2,383)	[4] (−2,383)
Limitation on review activity		....	....	(1,167)
			[4] (−16,649)	
Limitation on A.S.I. (P.L. 99-177)		....	....	(−22,000)
			[4] (−16,649)	
Total Rail Industry Pension Fund	BA	**3,446,782**	**3,749,000**	**3,350,000**
	0	2,269,871	2,254,260	2,439,788
Railroad social security equivalent benefit account 601				
Appropriation, permanent, indefinite	BA	**5,659,668**	**6,268,000**	**6,544,000**
Outlays	0	5,623,305	5,950,000	6,378,000
			[4] −1,256	
Limitation on administrative expenses (P.L. 99-177)		....	(29,206)	....
			[4] (−1,256)	
Total Railroad social security equivalent benefit account	BA	**5,659,668**	**6,268,000**	**6,544,000**
	0	5,623,305	5,948,744	6,378,000
Summary				
Federal funds:				
(As shown in detail above)	BA	**3,342,294**	**3,690,335**	**2,915,933**
	0	3,336,361	3,689,271	2,915,840

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Other Independent Agencies—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Railroad Retirement Board—Con.					
Trust funds:					
(As shown in detail above)		BA	**9,106,450**	**10,017,000**	**9,894,000**
		O	7,893,176	8,203,004	8,817,788
Deductions for offsetting receipts:					
Intrafund transactions	601	BA	*−16,400*	*−9,000*	……
		O			
	603	BA	*−5,239*	……	……
		O			
Intrafund transactions from off-budget accounts	601	BA	*−2,352,853*	*−2,685,000*	*−2,813,000*
		O			
Total Trust funds		BA	**6,731,958**	**7,323,000**	**7,081,000**
		O	5,518,684	5,509,004	6,004,788
Interfund transactions	601	BA	**−4,726,494**	**−5,194,000**	**−4,837,000**
		O			
		BA			[J] **−44,000**
		O			
Total Railroad Retirement Board		BA	**5,347,758**	**5,819,335**	**5,115,933**
		O	4,128,551	4,004,275	4,039,628
Securities and Exchange Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	376				
Appropriation, current		BA	**106,382**	**111,100**	……
					[A] **110,050**
					[J] **−850**
				[W] **−4,777**	
Outlays		O	103,193	110,200	107,849
					[J] −850
				[W] −4,340	[W] −437
Total Salaries and expenses		BA	**106,382**	**106,323**	**109,200**
		O	103,193	105,860	106,562
Selective Service System					
Federal funds					
General and Special Funds:					
Salaries and expenses	054				
Appropriation, current		BA	**27,780**	**27,474**	**27,474**
				[W] **−1,346**	
Outlays		O	26,517	27,923	27,474
				[W] −986	[W] −285
Total Salaries and expenses		BA	**27,780**	**26,128**	**27,474**
		O	26,517	26,937	27,189

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.				
Smithsonian Institution				
Federal funds				
General and Special Funds:				
Salaries and expenses 503				
Appropriation, current	BA	**164,321**	**176,995** [w] **−7,611**	**190,061**
Outlays	O	161,856	175,205 [w] −6,765	188,271 [w] −846
Total Salaries and expenses	BA	**164,321**	**169,384**	**190,061**
	O	161,856	168,440	187,425
Museum programs and related research (special foreign currency program) 503				
Appropriation, current	BA	**8,820**	**2,485** [w] **−107**	....
Outlays	O	4,665	4,885	1,700 [w] −50
Total Museum programs and related research (special foreign currency program)	BA	**8,820**	**2,378**	....
	O	4,665	4,885	1,650
Construction and improvements, National Zoological Park 503				
Appropriation, current	BA	**4,851**	**5,518** [w] **−237**	**4,851**
Outlays	O	2,754	4,779 [w] −125	4,800 [w] −62
Total Construction and improvements, National Zoological Park	BA	**4,851**	**5,281**	**4,851**
	O	2,754	4,654	4,738
Restoration and renovation of buildings 503				
Appropriation, current	BA	**13,475**	**11,009** [w] **−473**	**12,828**
Outlays	O	9,454	9,535 [w] −91	12,000 [w] −200
Total Restoration and renovation of buildings	BA	**13,475**	**10,536**	**12,828**
	O	9,454	9,444	11,800
Construction 503				
Appropriation, current	BA	....	**3,976** [w] **−171**	**7,500**
Outlays	O	9,238	10,976 [w] −65	10,818 [w] −41
Total Construction	BA	....	**3,805**	**7,500**
	O	9,238	10,911	10,777

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.				
Smithsonian Institution—Con.				
Salaries and expenses, National Gallery of Art 503				
Appropriation, current	BA	**36,848**	**33,551**	**34,607**
			[w] **–1,443**	
Outlays	0	35,761	37,687	34,908
			[w] –1,431	[w] –12
Total Salaries and expenses, National Gallery of Art	BA	**36,848**	**32,108**	**34,607**
	0	35,761	36,256	34,896
Repair, restoration, and renovation of buildings 503				
Appropriation, current	BA	....	**3,280**	**2,400**
			[w] **–141**	
Outlays	0	....	649	3,540
			[w] –28	[w] –113
Total Repair, restoration, and renovation of buildings	BA	....	**3,139**	**2,400**
	0	....	621	3,427
Salaries and expenses, Woodrow Wilson International Center for Scholars 503				
Appropriation, current	BA	**2,674**	**3,372**	**3,266**
			[w] **–145**	
Outlays	0	2,546	3,372	3,266
			[w] –90	[w] –55
Total Salaries and expenses, Woodrow Wilson International Center for Scholars	BA	**2,674**	**3,227**	**3,266**
	0	2,546	3,282	3,211
Payment to the endowment challenge fund 503				
Appropriation, current, indefinite	BA	....	**994**	....
Outlays	0	....	994	....
Trust funds				
Endowment challenge fund 503				
Appropriation, current, indefinite	BA	....	**50**	....
Appropriation, permanent, indefinite	BA	....	....	**150**
Outlays	0	....	50	150
Total Endowment challenge fund	BA	....	**50**	**150**
	0	....	50	150
Canal Zone biological area fund 503				
Appropriation, permanent, indefinite	BA	**127**	**143**	**119**
Outlays	0	125	126	129
			[w] –5	
Total Canal Zone biological area fund	BA	**127**	**143**	**119**
	0	125	121	129

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
Smithsonian Institution—Con.					
Summary					
Federal funds:					
(As shown in detail above)		BA	**230,989**	**230,852**	**255,513**
		O	226,274	239,487	257,924
Trust funds:					
(As shown in detail above)		BA	**127**	**193**	**269**
		O	125	171	279
Interfund transactions	503	BA			
		O	....	−994	....
	803	BA			
		O	....	−4	−4
Total Smithsonian Institution		BA	**231,116**	**230,047**	**255,778**
		O	226,399	238,660	258,199
Temporary Study Commissions					
National Commission on Student Financial Assistance					
Trust funds					
Grants, gifts and bequests	502				
Outlays		O	7	....	....
Other Temporary Commissions					
Federal funds					
General and Special Funds:					
Commission on Executive, Legislative, and Judicial Salaries: Salaries and expenses	805				
Appropriation, current		BA	**160**	....	....
Outlays		O	121	42	....
Commission on the Ukraine Famine: Salaries and expenses	153				
Appropriation, current		BA	**400**	....	....
				[14] −17	
Reappropriation		BA	....	**400**	....
Outlays		O	....	340	60
				[14] −15	[14] −2
Total Commission on the Ukraine Famine		BA	**400**	**383**	....
		O	....	325	58
Motor Carrier Ratemaking Study Commission: Salaries and expenses	401				
Outlays		O	1	....	....
National Alcohol Fuels Commission: Salaries and expenses	271				
Outlays		O	20	1	....
National Council on Public Works Improvement	806				
Outlays		O	....	1,100	1,000

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Other Independent Agencies—Con.

Temporary Study Commissions—Con.

Other Temporary Commissions—Con.

Account and functional code		1985 actual	1986 estimate	1987 estimate
Navajo and Hopi Indian Relocation Commission: Salaries and expenses 806				
Appropriation, current	BA	**20,321**	**22,356** [W] **–961**	**22,335**
Outlays	0	17,314	20,047 [W] –606	21,448 [W] –355
Total Navajo and Hopi Indian Relocation Commission	BA	**20,321**	**21,395**	**22,335**
	0	17,314	19,441	21,093
State Justice Institute: Salaries and expenses 752				
Appropriation, current	BA		**8,000** [H] **–7,656** [W] **–344**	
Outlays	0		7,200 [H] –6,890 [W] –310	800 [H] –766 [W] –34
Total State Justice Institute	0			
Total Federal funds Other Temporary Commissions	BA	**20,881**	**21,778**	**22,335**
	0	17,456	20,909	22,151
Total Federal funds Temporary Study Commissions	BA	**20,881**	**21,778**	**22,335**
	0	17,456	20,909	22,151
Total Trust funds Temporary Study Commissions	0	7		

Tennessee Valley Authority

Federal funds

Account and functional code		1985 actual	1986 estimate	1987 estimate
Public Enterprise Funds:				
Tennessee Valley Authority fund:				
(Energy supply) 271				
(Authority to borrow, permanent, indefinite)	BA	**649,971**	**517,876**	**549,180**
(Outlays)	0	774,075	280,000	425,000
(Limitation on administrative expenses (P.L. 99-177))			(68,643) [W] (–2,952)	

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Other Independent Agencies—Con.

Tennessee Valley Authority—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
(Area and regional development)	452				
(Appropriation, current)		BA	**125,000**	**104,000** [W] **−4,472**	**58,038**
(Outlays)		O	140,278	140,000 [W] −1,098	110,000 [W] −1,687
(Limitation on administrative expenses (P.L. 99-177))			…………	(104,000) [W] (−4,472)	…………
Total (Area and regional development)		BA	**125,000**	**99,528**	**58,038**
		O	140,278	138,902	108,313
Total Tennessee Valley Authority fund		BA	**774,971**	**617,404**	**607,218**
		O	914,353	418,902	533,313
Intragovernmental Funds:					
Tennessee Valley Authority fund, Seven States Energy Corporation, FFB direct loans	271				
Authority to borrow, permanent, indefinite		BA	**206,327**	**247,800**	**167,300**
Outlays		O	95,854	136,000	−146,900
Total Federal funds Tennessee Valley Authority		BA	**981,298**	**865,204**	**774,518**
		O	1,010,207	554,902	386,413

United States Holocaust Memorial Council

Federal funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
General and Special Funds:					
Holocaust Memorial Council	806				
Appropriation, current		BA	**2,003**	**2,112** [W] **−91**	………… [K] **2,057**
Outlays		O	2,522	2,149 [W] −89	2,057 [W] −2
Total Holocaust Memorial Council		BA	**2,003**	**2,021**	**2,057**
		O	2,522	2,060	2,055

Trust funds

Account and functional code			1985 actual	1986 estimate	1987 estimate
Gifts and donations	806				
Outlays		O	−2	2	…………

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.				
United States Information Agency				
Federal funds				
General and Special Funds:				
Salaries and expenses 154				
Appropriation, current	BA	**542,977**	**571,000** [A] **17,326** [W] **–24,553**	**547,956** [K] **60,927**
Outlays	0	506,150	553,180 [A] 5,400 [W] –19,642	589,326 [A] 11,900 [W] –3,928
Total Salaries and expenses	BA	**542,977**	**563,773**	**608,883**
	0	506,150	538,938	597,298
Salaries and expenses (special foreign currency program) 154				
Appropriation, current	BA	**8,000**		
Outlays	0	8,445	5,105	1,475
Educational and cultural exchange programs 154				
Appropriation, current	BA	**140,000**	**140,500** [W] **–6,042**	**159,136** [K] **7,430**
Reappropriation	BA	**3,800**		
Outlays	0	101,529	141,253 [W] –3,021	152,573 [W] –2,719
Total Educational and cultural exchange programs	BA	**143,800**	**134,458**	**166,566**
	0	101,529	138,232	149,854
National Endowment for Democracy 154				
Appropriation, current	BA		**18,000** [W] **–774**	**18,400** [K] **1,711**
Outlays	0	11,597	16,200 [W] –697	19,900 [W] –77
Total National Endowment for Democracy	BA		**17,226**	**20,111**
	0	11,597	15,503	19,823
Radio broadcasting to Cuba 154				
Appropriation, current	BA	**8,500**	**10,700** [W] **–460**	**11,639**
Outlays	0	9,326	15,360 [W] –368	11,193 [W] –74
Total Radio broadcasting to Cuba	BA	**8,500**	**10,240**	**11,639**
	0	9,326	14,992	11,119

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
United States Information Agency—Con.					
East West Center	154				
Appropriation, current		BA	**19,000**	**20,750**	**19,000**
					[K]1,288
				[W]−892	
Outlays		0	18,966	20,750	20,288
				[W]−855	[W]−37
Total East West Center		BA	**19,000**	**19,858**	**20,288**
		0	18,966	19,895	20,251
Radio construction	154				
Appropriation, current		BA	**91,648**	**114,000**	**131,708**
				[W]−4,902	
Outlays		0	36,392	64,000	82,946
				[W]−784	[W]−1,176
Total Radio construction		BA	**91,648**	**109,098**	**131,708**
		0	36,392	63,216	81,770
Trust funds					
Miscellaneous trust funds	154				
Appropriation, permanent, indefinite		BA	**3,211**	**1,835**	**985**
Outlays		0	2,133	3,018	985
Summary					
Federal funds:					
(As shown in detail above)		BA	**813,925**	**854,653**	**959,195**
		0	692,405	795,881	881,590
Trust funds:					
(As shown in detail above)		BA	**3,211**	**1,835**	**985**
		0	2,133	3,018	985
Deductions for offsetting receipts:					
Proprietary receipts from the public	154	BA 0	*−463*	*−350*	*−500*
Total Trust funds		BA	**2,748**	**1,485**	**485**
		0	1,670	2,668	485
Total United States Information Agency		BA	**816,673**	**856,138**	**959,680**
		0	694,075	798,549	882,075
United States Institute of Peace					
Federal funds					
General and Special Funds:					
United States Institute of Peace	153				
Appropriation, current		BA	**4,000**	....	**1,250**
Outlays		0	....	4,000	1,250

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code			1985 actual	1986 estimate	1987 estimate
Other Independent Agencies—Con.					
United States Railway Association					
Federal funds					
General and Special Funds:					
Administrative expenses	401				
Appropriation, current		BA	**2,100**	**2,400** [H] **−640** [W] **−103**	.....
Outlays		O	2,700	3,000 [H] −640 [W] −103	.....
Total Administrative expenses		BA	**2,100**	**1,657**	.....
		O	2,700	2,257	.....
Public Enterprise Funds:					
Regional rail reorganization program	401				
Authority to borrow, permanent, indefinite		BA	**7,527**	**6,450**	**6,982**
Outlays		O	22,473	.....	13,432
Total Federal funds United States Railway Association		BA	**9,627**	**8,107**	**6,982**
		O	25,173	2,257	13,432
United States Sentencing Commission					
Federal funds					
General and Special Funds:					
Salaries and expenses	752				
Appropriation, current		BA	**2,350**	**1,100** [W] **−47**	**6,500**
Outlays		O	.....	2,799 [W] −42	6,577 [W] −5
Total Salaries and expenses		BA	**2,350**	**1,053**	**6,500**
		O	.....	2,757	6,572
United States Synthetic Fuels Corporation					
Federal funds					
Public Enterprise Funds:					
United States Synthetic Fuels Corporation	271				
Contract authority, permanent		BA	**40,824**	**23,057**	.....
Water Resources Council					
Federal funds					
General and Special Funds:					
Water resources planning	301				
Outlays		O	8	4	.....
Summary					
Federal funds:					
(As shown in detail above)		BA	**14,168,953**	**15,325,699**	**13,973,546**
		O	11,651,934	12,712,342	11,351,858
Deductions for offsetting receipts:					
Proprietary receipts from the public	403	BA O	*−416,107*	*−436,573*	*−443,970*

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Other Independent Agencies—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Summary—Con.					
	852	BA O	*−311,005*	*−35,478*	*−38,376*
Total Federal funds		BA O	**13,441,841** 10,924,822	**14,853,648** 12,240,291	**13,491,200** 10,869,512
Trust funds:					
(As shown in detail above)		BA O	**9,123,852** 5,963,640	**10,036,729** 6,564,093	**9,908,623** 6,933,570
Deductions for offsetting receipts:					
Intrafund transactions	601	BA O	*−16,400*	*−9,000*	....
	603	BA O	*−5,239*	....	....
Interfund transactions from off-budget accounts	601	BA O	*−2,352,853*	*−2,685,000*	*−2,813,000*
Proprietary receipts from the public	154	BA O	*−463*	*−350*	*−500*
	452	BA O	*−2,313*	*−1,750*	....
Total Trust funds		BA O	**6,746,584** 3,586,372	**7,340,629** 3,867,993	**7,095,123** 4,120,070
Interfund transactions	452	BA O	**−1,387**	**−1,560**	**−1,198**
	503	BA O	....	**−994**	....
	601	BA O	**−4,726,494**	**−5,194,000**	**−4,837,000**
		BA O			[7] **−44,000**
	803	BA O	....	**−4**	**−4**
Total Other Independent Agencies		BA O	**15,460,544** 9,783,313	**16,997,719** 10,911,726	**15,704,121** 10,107,380

Allowances

Account and functional code		1985 actual	1986 estimate	1987 estimate
Allowances for:				
Federal funds				
General and Special Funds:				
Civilian agency pay raises				
Appropriation, current	BA	....	....	[1] **403,000**
Outlays	O	....	....	[1] 387,000
Coast Guard military pay raises				
Appropriation, current	BA	....	....	[1] **35,945**
Outlays	O	....	....	[1] 35,945

See footnotes at end of table

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code		1985 actual	1986 estimate	1987 estimate
Allowances—Con.				
Allowances for:—Con.				
Increased employing agency payments for employee retirement				
Appropriation, current	BA			[7]**331,111**
Outlays	O			[7]331,111
Contingencies for:				
Relatively uncontrollable programs				
Appropriation, current	BA			0
Outlays	O			0
Other requirements				
Appropriation, current	BA			0
Outlays	O			0
Total Federal funds Allowances for	BA			**770,056**
	O			754,056
Summary				
Federal funds:				
Total Allowances	BA			**770,056**
	O			754,056

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Totals

BUDGET TOTALS

Account and functional code			1985 actual	1986 estimate	1987 estimate
Federal funds:					
(As shown in detail above)		BA	**835,720,271**	**805,628,153**	**826,903,547**
		O	767,395,946	791,786,033	794,995,428
Deductions for offsetting receipts:					
(As shown in detail above):					
Intrafund transactions		BA	*−22,039,579*	*−22,300,583*	*−23,591,922*
		O			
		BA		[4] *1,220,000*	[4] *1,287,200*
		O			
Interfund transactions from off-budget accounts		BA	*−791,157*	*−684,472*	*−660,271*
		O			
Proprietary receipts from the public		BA	*−12,884,292*	*−12,037,156*	*−11,860,899*
		O			
		BA		[4] *−84,800*	[4] *−1,900,673*
		O			
(Undistributed by agency):					
Proprietary receipts from the public:					
Other interest	908	BA	*−2,263*	*−300,000*	....
		O			
Rents and royalties on the Outer Continental Shelf	953	BA	*−5,541,880*	*−5,450,122*	*−5,279,971*
		O			
		BA			
		O			
Sale of major physical assets	954	BA		[4] *−1,200,000*	[4] *−1,200,000*
		O			
Total deductions		BA	*−41,259,171*	*−40,837,133*	*−43,206,536*
		O			
Federal fund totals		BA	**794,461,100**	**764,791,020**	**783,697,011**
		O	726,136,775	750,948,900	751,788,892
Trust funds:					
(As shown in detail above)		BA	**225,020,807**	**241,071,899**	**241,241,257**
		O	173,144,017	178,688,137	180,825,298
Deductions for offsetting receipts:					
(As shown in detail above):					
Intrafund transactions		BA	*−24,138*	*−11,350*	*−2,350*
		O			
		BA			
		O			
Intrafund transactions from off-budget accounts		BA	*−3,559,591*	*−3,068,000*	*−2,813,000*
		O			
Proprietary receipts from the public		BA	*−16,830,124*	*−18,223,130*	*−19,541,985*
		O			
		BA			[4] *−987,200*
		O			
Total deductions		BA	*−20,413,853*	*−21,302,480*	*−23,344,535*
		O			
Trust fund totals		BA	**204,606,954**	**219,769,419**	**217,896,722**
		O	152,730,164	157,385,657	157,480,763

See footnotes at end of table.

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Totals—Con.

BUDGET TOTALS—Con.

Account and functional code			1985 actual	1986 estimate	1987 estimate
Interfund transactions (−):					
Interest received by on-budget trust funds	902	BA	−22,071,238	−26,623,564	−30,251,359
		O			
		BA		[J] −30,200	[J] 620,822
		O			
Employer share, employee retirement (on-budget)	951	BA	−24,708,376	−26,282,562	−27,549,669
		O			
		BA			[J] −921,235
		O			
Applied by agency above		BA	−62,572,221	−60,213,059	−55,782,566
		O			
Total interfund transactions		BA	−109,351,835	−113,149,385	−113,884,007
		O			
Budget totals		BA	**889,716,219**	**871,411,054**	**887,709,726**
		O	769,515,104	795,185,172	795,385,648

Off-budget Totals

Account and functional code			1985 actual	1986 estimate	1987 estimate
Trust funds:					
(As shown in detail above)		BA	**198,525,004**	**203,884,659**	**228,530,997**
		O	190,985,815	201,302,867	212,872,795
Deductions for offsetting receipts:					
(As shown in detail above):					
Intrafund transactions		BA	[Y] *−364,586*	[Y] *−182,000*	
		O			
Proprietary receipts from the public		BA	[Y] *−126*		
		O			
Interfund Transactions:					
Interest received by off-budget trust funds	903	BA	[Y] −4,117,790	[Y] −4,417,921	[Y] −4,711,442
		O			
		BA			[J] −5,000
		O			
Employer share, employee retirement (off-budget)	952	BA	[Y] −2,509,000	[Y] −2,843,000	[Y] −3,177,000
		O			
Applied by agency above		BA	−7,186,896	−9,117,008	−6,362,555
		O			
Total deductions		BA	−14,178,398	−16,559,929	−14,255,997
		O			
Off-budget totals		BA	**184,346,606**	**187,324,730**	**214,275,000**
		O	176,807,417	184,742,938	198,616,798
Federal Government totals∆		BA	**1,074,062,825**	**1,058,735,784**	**1,101,984,726**
		O	946,322,521	979,928,110	994,002,446

BUDGET BY AGENCY AND ACCOUNT (in thousands of dollars)—Continued

Account and functional code	1985 actual	1986 estimate	1987 estimate

Federal Government Totals

ΔFederal Government totals are distributed as follows:

	1986		1987	
	BA	Outlays	BA	Outlays
Federal funds:				
Enacted, pending and initial requests:				
Appropriations	826,338,515	799,417,984	818,493,096	800,325,485
Off-budget under current law (Y)	4,417,921	4,417,921	4,711,442	4,711,442
Legislative action required (L)	–69,000	–68,993	–2,276,996	–2,224,692
Reduction pursuant to P.L. 99-177 (*)	–18,580,909	–9,438,239	–109,125	–6,127,701
Proposed in this budget:				
Supplemental requests:				
Programs:				
Under existing legislation (*)	1,222,396	1,332,211	–77,400	–70,590
Add'l authorizing leg. req. (#)	714,541	89,780		282,840
Rescission proposal (")	–10,011,383	–2,688,073		–2,183,584
To be proposed separately:				
Under existing legislation (/)	165,272	127,275		37,997
Under proposed legislation (/)	1,430,800	–1,403,833	2,064,647	–3,832,125
Allowances			4,097,888	4,026,356
Deductions for offsetting receipts	–40,772,333	–40,772,333	–41,393,063	–41,393,063
Under proposed legislation (/)	–64,800	–64,800	–1,813,473	–1,813,473
Total Federal funds	764,791,020	750,948,900	783,697,011	751,788,892
Trust funds:				
Enacted, pending and initial requests:				
Appropriations	243,009,774	180,022,651	239,355,414	187,358,913
Off-budget under current law (Y)	203,884,659	201,389,238	228,213,997	212,872,795
Legislative action required (L)				–4,800
Reduction pursuant to P.L. 99-177 (*)	–882,225	–1,842,707	4,659	–1,754,382
Proposed in this budget:				
Supplemental requests:				
Programs:				
Under existing legislation (*)		–7,114		–5,287
Rescission proposal (")	–1,057,650	443,936		–730,230
To be proposed separately:				
Under proposed legislation (/)	7,000	–15,000	2,198,184	–4,038,916
Deductions for offsetting receipts	–21,484,480	–21,484,480	–22,357,335	–22,357,335
Under proposed legislation (/)			–987,200	–987,200
Total Trust funds	423,472,078	358,506,524	446,427,719	370,353,558
Interfund transactions (–)	–129,527,314	–129,527,314	–128,140,004	–128,140,004
Federal Government totals	1,058,735,784	979,928,110	1,101,984,726	994,002,446

* Supplemental under existing legislation.

# Supplemental. Additional authorizing legislation required.

" Rescission proposal.

/ Proposed for later transmittal under existing legislation.

/ Proposed for later transmittal under proposed legislation.

x Additional authorizing legislation required.

L Legislative action required.

* Reduction pursuant to Public Law 99-177.

Y Off-budget under current law.

PART 6e

SUMMARY TABLES

TABLE OF CONTENTS

	Page
Explanation of the summary tables	6e–2
Table 1. Summary	6e–7
Table 2. Summary of current services and the President's proposals	6e–8
Table 3. Receipts by source and outlays by agency, 1985–91	6e–10
Table 4. Outlays by function, 1985–91	6e–12
Table 5. Credit budget: new direct loan obligations and guaranteed loan commitments by agency	6e–13
Table 6. Federal Government financing and debt	6e–14
Table 7. Full-time equivalent of Federal civilian employment	6e–16
Table 8. Budget authority by function, 1985–91	6e–17
Table 9. Budget authority by agency, 1985–91	6e–18
Table 10. Budget authority and outlays available with and without current action by Congress	6e–20
Table 11. Relation of budget authority to outlays	6e–21
Table 12. Balances of budget authority	6e–22
Table 13. Receipts by source	6e–23
Table 14. Offsetting receipts by type	6e–26
Table 15. Legislative proposals for major new and expanded programs in the 1987 Budget, projection of costs	6e–29
Table 16. Controllability of outlays, 1985–87	6e–30
Table 17. Receipts by source, 1977–87	6e–32
Table 18. Outlays by function and subfunction, 1977–87	6e–34
Table 19. Federal finances and the gross national product, 1968–89	6e–41
Table 20. Composition of outlays in current prices: 1967–89	6e–43
Table 21. Composition of outlays in constant (fiscal year 1982) prices: 1967–89	6e–44
Table 22. Total receipts and outlays, 1789–1991	6e–45
Table 23. On-budget and off-budget receipts and outlays, 1937–1991	6e–46

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EXPLANATION OF THE SUMMARY TABLES

Overview.—The tables in this part of the budget are organized as follows:

- Tables 1 through 12 provide summary data on the 1987 budget in terms of budget authority, outlays, receipts, and surpluses or deficits for the period 1985–1991. Summary information is also included on Federal Government financing and debt, current services estimates, the credit budget, and Federal civilian employment.
- Tables 13 and 14 provide greater detail on governmental and offsetting receipts.
- Table 15 presents 5-year projections of the estimated costs of proposed legislation pursuant to 31 U.S.C. 1105(a)(12).
- Table 16 provides data on controllability of outlays.
- Tables 17 through 23 are historical in nature, giving data, for earlier years, comparable to those data in the preceding tables, and also providing comparisons with the gross national product and outlays in constant (fiscal year 1982) prices.

Periods covered.—Due to the change in fiscal year required by the Congressional Budget Act, the following periods are covered by the various columns or stub entries:

- July 1 through June 30, for the 1976 and prior fiscal periods.
- July 1 through September 30, 1976, for the transition quarter (TQ).
- October 1 through September 30, for the 1977 and subsequent fiscal periods.

Presentation of data.—In accordance with the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99–177), the 1987 Budget reflects the:

—elimination of the off-budget status of formerly off-budget Federal entities; and

—the movement of two social security trust funds (the Federal old-age survivors insurance and the Federal disability insurance trust funds) off-budget.

Amounts for all years have been adjusted to reflect these changes so that data are shown on a comparable basis. In most cases, totals shown in the 1987 Budget include off-budget amounts but the on- and off-budget components are identified separately. In tables by agency, entries for "Health and Human Services, except social security" present on-budget data and entries for "Health and

Human Services, social security" present the off-budget amounts distributed by agency.

In addition, the 1987 Budget reflects the effects of the sequestration of 1986 budgetary resources required by Public Law 99–177. Accordingly, data shown in the following tables incorporate the effects of this sequestration.

Data on governmental receipts reflect a reclassification of taxes on social security benefits. In prior budgets, these amounts were treated as deductions from Federal fund income taxes and as increases in social security trust fund social insurance taxes. These collections from the public are now classified as Federal income taxes, with transfers to the social security trust funds recorded as interfund transactions. The effect of the reclassification is to increase recorded Federal income taxes and decrease recorded social insurance taxes by the same amount. For additional information, see the notes to the "Historical Tables" volume.

The outlay totals for 1985 exceed those previously reported by the Treasury Department by $396 million primarily because of: (a) adjustments in outlays of the Federal Home Loan Bank Board (+$200 million), interest on the public debt (+$145 million); and Department of Transportation boat safety (−$9 million); and (b) classification of receipts of the Department of Justice crime victims fund as governmental receipts, rather than as offsets to outlays (+$61 million). The net effect of these adjustments is to increase the deficit by $336 million.

Allowances. Allowances for pay raises in 1987–1991 are shown for military personnel and for civilian employees of the Department of Defense (DoD-Military). In addition, allowances for other legislation are shown for 1986–1991. Included in the allowances for other legislation are amounts for increased contributions by DoD for its civilian employees and increases in military benefits, which are offset by savings. These allowances are included in the totals for the DoD-Military and in subfunction 051. Allowances for pay raises for non-defense civilian employees, for military pay raises for the Coast Guard, and for increased employing agency payments for employee retirement for civilian agencies in 1987–1991 are shown at the end of the tables.

Undistributed offsetting receipts. Offsetting receipts are generally deducted from budget authority and outlays at the subfunction and agency levels. However, in some cases, these amounts are undistributed, i.e., deducted from budget totals for the Government as a whole rather than from a single agency or subfunction to avoid distortion of agency or subfunction totals. These payments are for the employer share, employee retirement (both on-budget and off-budget amounts), rents and royalties on the Outer Continental Shelf (OCS), and the proposed sale of major physical assets (Conrail, Naval petroleum reserve, and power marketing administrations) in 1986–1991.

There are also offsetting receipts that are deducted at the subfunctional level but presented as undistributed offsetting receipts in tables showing budget totals by agency. These are interest received by on-budget trust funds and interest received by off-budget trust funds (subfunctions 902 and 903, respectively) and interest received from OCS escrow account (subfunction 908). Accordingly, the undistributed offsetting receipt totals included in tables by agency are larger by the amount of the interest received by trust funds and the interest received from OCS escrow account.

Description of the tables.—Each table in this part is described below and references to related data found elsewhere in the budget documents are provided. Information on the concepts used in the tables is included in Part 6b of this volume.

- *Table 1, Summary,* provides a general overview of budget authority, receipts, outlays, and surpluses or deficits for 1985–1991.

A summary of the Federal credit budget and information on the Federal debt is also provided. Detailed data related to these totals are contained in the following tables and throughout the budget.

- *Table 2, Summary of current services and the President's proposals,* provides a bridge between current services estimates of outlays and estimated outlays under the President's proposals for 1986–1989. Changes in outlays are shown by function. For further information on current services, see Special Analysis A, "Current Services Estimates", in the Special Analyses volume.
- *Table 3, Receipts by source and outlays by agency 1985–91,* displays data on the composition of receipts by source, the distribution of outlays by the Legislative and Judicial Branches and major agency in the Executive Branch, and the surpluses or deficits for these years.
- *Table 4, Outlays by function, 1985–91,* distributes outlays by function. Supporting data by subfunction from 1977–1987 is found in table 18. Part 5 of this volume provides detail at the program level for 1985–1989.
- *Table 5, Credit budget: new direct loan obligations and guaranteed loan commitments by agency,* displays new obligations for direct loans and new commitments for guaranteed loans by agency for 1985–1987. Direct loans that are guaranteed by Federal agencies and disbursed by the Federal Financing Bank are identified as FFB direct loans under the guaranteeing agencies. Additional information can be found in Parts 5 and 6c of this volume and Special Analysis F, "Federal Credit Programs", of the Special Analyses volume.

- *Table 6, Federal Government financing and debt,* shows the means of financing the Federal deficit, the gross debt held by Government accounts and the public, and the amount of debt subject to statutory limitation. Further data related to the totals are contained in Special Analysis E, "Borrowing and Debt", and Part 6a of this volume.
- *Table 7, Full-time equivalent of Federal civilian employment,* provides full-time equivalent employment estimates for the major departments and agencies of the Executive Branch for 1984–1988. For additional information, see Special Analysis I, "Civilian Employment in the Executive Branch", in the Special Analyses volume.
- *Table 8, Budget authority by function, 1985–91,* distributes budget authority by function. For detail at the program level, see Part 5 of this volume. For the subfunctional classification of budget authority in each account, see Part 6d of this volume.
- *Table 9, Budget authority by agency, 1985–91,* presents the distribution of budget authority by Legislative and Judicial Branches and major agency in the Executive Branch. For account level detail, see Part 6d of this volume.
- *Table 10, Budget authority and outlays available with and without current action by Congress,* presents budget authority, including supplemental requests, for 1985–1987 that requires congressional action during or immediately preceding the fiscal year in which it becomes available and ties budget authority and outlays available through current action to totals. Outlays resulting from current action are also displayed. The sequestration of 1986 budgetary resources is reflected in amounts available through current action by Congress. In most cases, off-budget (social security trust fund) amounts are available as the result of previously enacted legislation (substantive legislation or prior appropriations acts) and do not require further action by Congress. Therefore, they are included in the portion available without current action by Congress. The remaining off-budget amounts are included in the portion available through current action by Congress.
- *Table 11, Relation of budget authority to outlays,* provides a bridge from budget authority to net obligations incurred to outlays for 1985–1987. Data on off-budget amounts are included without separate identification. References to other tables in this section that provide detail on data shown in this table are included. A chart on the relation of budget authority to outlays is shown in Part 6a of this volume.

- *Table 12, Balances of budget authority,* presents data on obligated and unobligated balances of budget authority for 1985–1987. Detailed information is available in a separate OMB report, "Balances of Budget Authority", which can be purchased from the National Technical Information Service shortly after the budget is transmitted.
- *Table 13, Receipts by source,* provides detailed data by source for 1985–1987 on receipts that are classified as governmental receipts. The totals of these receipts are compared with total outlays to calculate the Federal deficit. Information on governmental receipts is also included in table 17 and in part 4 of this volume.
- *Table 14, Offsetting receipts by type,* presents, by type, offsetting receipts for 1985–1987 that are deducted from gross disbursements to calculate outlays. Offsetting receipts data are also included in part 6d of this volume.
- *Table 15, Legislative proposals for major new and expanded programs, projection of costs,* provides a description of major legislative proposals and a projection of costs for 1986–1991.
- *Table 16, Controllability of budget outlays, 1985–87,* displays data classified as relatively uncontrollable and relatively controllable outlays.
- *Table 17, Receipts by source, 1977–87,* includes historical data on governmental receipts by source.
- *Table 18, Outlays by function and subfunction, 1977–87,* includes historical data on outlays by function and subfunction.
- *Table 19, Federal finances and the gross national product, 1968–89,* displays receipts, outlays, surpluses or deficits, and Federal debt and shows these amounts as percentages of the gross national product.
- *Table 20, Composition of outlays in current prices, 1967–89,* includes historical data on the composition of outlays in current dollars.
- *Table 21, Composition of outlays in constant (fiscal year 1982) prices, 1967–89,* includes historical data on the composition of outlays in constant dollars for the same categories shown in table 20.
- *Table 22, Total receipts and outlays, 1789–1991,* includes historical data and out-year estimates of total receipts, outlays, and surpluses or deficits. Beginning in 1937, data include amounts for social security trust funds that are off-budget under current law.
- *Table 23, On-budget and off-budget receipts and outlays, 1937–91,* provides historical data and out-year estimates of on- and off-budget components of total receipts, outlays, and surpluses or deficits shown in table 22.

Table 1. SUMMARY

(In billions of dollars)

Description	1985 actual	Estimate					
		1986	1987	1988	1989	1990	1991
TOTALS							
Budget authority	**1,074.1**	**1,058.7**	**1,102.0**	**1,165.9**	**1,218.0**	**1,261.3**	**1,310.1**
On-budget	(889.7)	(871.4)	(887.7)	(923.1)	(954.4)	(975.2)	(1,004.7)
Off-budget	(184.3)	(187.3)	(214.3)	(242.8)	(263.7)	(286.1)	(305.4)
Receipts	**734.1**	**777.1**	**850.4**	**933.2**	**996.1**	**1,058.1**	**1,124.0**
On-budget	(547.9)	(579.2)	(636.1)	(690.4)	(732.5)	(771.9)	(818.6)
Off-budget	(186.2)	(197.9)	(214.3)	(242.8)	(263.7)	(286.1)	(305.4)
Outlays	**946.3**	**979.9**	**994.0**	**1,026.8**	**1,063.6**	**1,093.8**	**1,122.7**
On-budget	(769.5)	(795.2)	(795.4)	(817.1)	(843.8)	(862.1)	(884.3)
Off-budget	(176.8)	(184.7)	(198.6)	(209.6)	(219.9)	(231.8)	(238.5)
Surplus or deficit (−)	**−212.3**	**−202.8**	**−143.6**	**−93.6**	**−67.5**	**−35.8**	**1.3**
On-budget	(−221.6)	(−216.0)	(−159.3)	(−126.8)	(−111.3)	(−90.1)	(−65.6)
Off-budget	(9.4)	(13.2)	(15.7)	(33.2)	(43.8)	(54.4)	(67.0)
THE CREDIT BUDGET							
New direct loan obligations	52.8	41.6	30.6	28.0	24.8	22.3	20.1
New guaranteed loan commitments [1]	84.7	93.8	79.8	81.7	83.3	84.8	85.4
Total	**137.6**	**135.5**	**110.3**	**109.7**	**108.1**	**107.0**	**105.5**
Change in outstandings:							
Direct loans	28.0	−4.1	−4.4	−3.2	−5.7	−7.1	−4.6
Guaranteed loans [1]	21.6	40.2	30.8	25.9	24.0	24.7	24.7
Total	**49.6**	**36.1**	**26.4**	**22.6**	**18.2**	**17.7**	**20.1**

FEDERAL DEBT [2]

	1984 actual	1985 actual	Estimate					
			1986	1987	1988	1989	1990	1991
Debt outstanding, end of year:								
Gross Federal debt	1,576.7	1,827.5	2,112.0	2,320.6	2,509.0	2,684.3	2,841.4	2,976.7
Held by:								
Government accounts	264.2	317.6	398.0	464.9	560.3	668.9	791.0	928.6
The public	1,312.6	1,509.9	1,714.0	1,855.7	1,948.7	2,015.4	2,050.3	2,048.1
(Federal Reserve System)	(155.1)	(169.8)						
(Others)	(1,157.5)	(1,340.1)						
MEMORANDUM								
Debt subject to statutory limitation	1,573.0	1,823.8	2,108.5	2,317.4	2,506.5	2,681.9	2,838.9	2,974.3

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[1] To avoid double counting, excludes guarantees (or commitments) of loans previously guaranteed or guarantees (or commitments) by one Government account of direct loans made by another Government account.

[2] For additional information on the Federal debt, see table 6, Part 6a of this volume, and Special Analysis E, "Borrowing and Debt".

Note.—For all years, transactions of the social security trust funds are presented off-budget and transactions of formerly off-budget accounts are included on-budget.

Table 2. SUMMARY OF CURRENT SERVICES AND THE PRESIDENT'S PROPOSALS

[In billions of dollars]

	1985 actual	Estimates											
		Current services				President's proposals				Change from current services			
		1986	1987	1988	1989	1986	1987	1988	1989	1986	1987	1988	1989
Receipts by source:													
Individual income taxes	334.5	354.0	385.8	426.2	456.3	353.7	386.0	425.9	455.5	−0.3	0.1	−0.3	−0.8
Corporation income taxes	61.3	70.9	86.5	100.2	110.0	70.9	86.7	101.2	111.8	−*	0.2	1.1	1.8
Social insurance taxes and contributions	265.2	280.4	301.4	333.4	355.9	280.4	302.8	335.0	358.1	....	1.5	1.6	2.3
On-budget	(79.0)	(82.5)	(87.4)	(90.8)	(93.1)	(82.5)	(88.5)	(92.1)	(94.5)	(..........)	(1.2)	(1.4)	(1.4)
Off-budget	(186.2)	(197.9)	(214.0)	(242.6)	(262.8)	(197.9)	(214.3)	(242.8)	(263.7)	(..........)	(0.3)	(0.2)	(0.9)
Excise taxes	36.0	33.6	32.0	30.1	29.3	34.6	35.2	33.4	32.7	1.0	3.2	3.3	3.4
Estate and gift taxes	6.4	6.1	5.6	5.4	5.1	6.1	5.7	5.4	5.1	....	*	*	*
Customs duties	12.1	12.4	12.9	13.6	14.1	12.4	12.9	13.6	14.1	....	....	....	....
Other	18.5	19.0	19.8	18.5	18.5	19.0	21.1	18.7	18.7	....	1.2	0.2	0.2
Total	**734.1**	**776.5**	**844.1**	**927.3**	**989.2**	**777.1**	**850.4**	**933.2**	**996.1**	**0.7**	**6.3**	**5.9**	**6.9**
On-budget	(547.9)	(578.5)	(630.1)	(684.7)	(726.4)	(579.2)	(636.1)	(690.4)	(732.5)	(0.7)	(6.0)	(5.7)	(6.1)
Off-budget	(186.2)	(197.9)	(214.0)	(242.6)	(262.8)	(197.9)	(214.3)	(242.8)	(263.7)	(..........)	(0.3)	(0.2)	(0.9)
Outlays by function:													
National defense	252.7	265.8	284.9	303.7	328.6	265.8	282.2	299.1	322.3	....	−2.7	−4.5	−6.3
International affairs	16.2	17.1	17.1	17.0	16.5	17.1	18.6	18.3	18.0	0.1	1.5	1.3	1.5
General science, space, and technology	8.6	8.9	9.0	9.0	9.8	8.9	9.2	9.3	10.2	−*	0.2	0.3	0.3
Energy	5.7	4.5	5.1	5.2	4.9	4.4	4.0	4.5	3.9	−0.1	−1.1	−0.7	−0.9
Natural resources and environment	13.4	12.9	12.6	12.9	13.0	12.9	12.0	11.8	11.7	*	−0.6	−1.1	−1.3
Agriculture	25.6	25.9	21.5	21.4	21.1	25.9	19.5	19.7	18.9	−*	−2.0	−1.7	−2.2
Commerce and housing credit	4.2	4.2	2.9	6.6	3.5	3.8	1.4	3.8	−0.5	−0.4	−1.6	−2.8	−4.0
Transportation	25.8	27.2	26.9	26.7	27.5	27.1	25.5	24.1	23.4	−0.1	−1.4	−2.6	−4.1
Community and regional development	7.7	8.1	7.6	7.7	7.9	7.9	6.5	5.5	5.0	−0.1	−1.1	−2.2	−2.9
Education, training, employment, and social services	29.3	31.0	30.7	31.4	32.1	30.7	27.4	26.3	26.4	−0.3	−3.3	−5.1	−5.7
Health	33.5	35.9	38.7	41.4	44.1	35.7	35.0	36.7	37.9	−0.2	−3.7	−4.8	−6.2
Medicare	65.8	68.7	74.9	83.8	93.7	68.7	70.2	76.0	83.0	−*	−4.7	−7.7	−10.6
Income security	128.2	119.6	123.4	130.4	134.6	118.1	118.4	123.1	125.7	−1.5	−5.0	−7.2	−8.9
Social security	188.6	200.0	212.2	226.2	240.1	200.1	212.2	226.1	239.9	*	*	−0.1	−0.2
On-budget	(5.2)	(8.0)	(5.7)	(6.4)	(7.2)	(8.0)	(5.7)	(6.4)	(7.2)	....	(*)	(*)	(*)

Off-budget	(183.4)	(192.0)	(206.5)	(219.8)	(232.9)	(192.0)	(206.5)	(219.7)	(232.7)	(*)	(*)	(−0.1)	(−0.2)
Veterans benefits and services	26.4	26.6	27.1	28.0	28.5	26.6	26.4	26.9	26.9	−*	−0.7	−1.1	−1.6
Administration of justice	6.3	6.9	6.9	7.0	7.1	6.8	6.9	7.0	7.1	−0.1	*	−*	−*
General government	5.2	5.7	6.5	5.5	5.4	6.3	6.1	5.7	6.1	0.6	−0.4	0.1	0.7
General purpose fiscal assistance	6.4	6.2	2.8	2.2	2.3	6.2	1.7	1.8	1.9	*	−1.1	−0.4	−0.4
Net interest	129.4	141.5	149.2	148.7	142.8	142.7	148.0	145.1	136.0	1.2	−1.2	−3.6	−6.8
On-budget	(133.6)	(145.9)	(153.9)	(155.0)	(151.5)	(147.2)	(152.7)	(151.4)	(144.7)	(1.2)	(−1.2)	(−3.6)	(−6.8)
Off-budget	(−4.1)	(−4.4)	(−4.7)	(−6.3)	(−8.6)	(−4.4)	(−4.7)	(−6.3)	(−8.7)	......	(−*)	(−*)	(−*)
Allowances:													
Civilian agency pay raises	......	......	1.4	3.2	5.3	......	0.4	1.9	3.1	......	−1.0	−1.3	−2.1
Increased employer share, employee retirement	......	......	......	......	......	......	0.3	0.4	0.4	......	0.3	0.4	0.4
Contingencies for other requirements	......	......	......	......	......	......	......	......	......	......	......	......	......
Contingencies for uncontrollable programs	......	......	......	......	......	......	......	......	......	......	......	......	......
Total, allowances	......	......	1.4	3.2	5.3	......	0.8	2.4	3.5	......	−0.7	−0.8	−1.7
Undistributed offsetting receipts:													
Employer share, employee retirement (on-budget)	−24.7	−26.3	−27.3	−28.7	−30.0	−26.3	−28.5	−30.2	−31.7	......	−1.2	−1.5	−1.7
Employer share, employee retirement (off-budget)	−2.5	−2.8	−3.2	−3.8	−4.3	−2.8	−3.2	−3.7	−4.2	......	*	*	0.1
Rents and royalties on the Outer Continental Shelf	−5.5	−5.5	−5.3	−8.2	−6.4	−5.5	−5.3	−8.2	−6.4	......	......	......	......
Sale of major physical assets	......	......	......	......	......	−1.2	−1.2	−4.2	−2.0	−1.2	−1.2	−4.2	−1.5
Total, undistributed offsetting receipts	−32.8	−34.6	−35.8	−40.7	−40.7	−35.8	−38.1	−46.4	−43.8	−1.2	−2.4	−5.6	−3.1
Total outlays	**946.3**	**982.0**	**1,025.9**	**1,077.3**	**1,128.1**	**979.9**	**994.0**	**1,026.8**	**1,063.6**	**−2.1**	**−31.9**	**−50.5**	**−64.5**
On-budget	(769.5)	(797.3)	(827.4)	(867.6)	(908.1)	(795.2)	(795.4)	(817.1)	(843.8)	(−2.1)	(−32.0)	(−50.4)	(−64.4)
Off-budget	(176.8)	(184.7)	(198.6)	(209.7)	(220.0)	(184.7)	(198.6)	(209.6)	(219.9)	(*)	(0.1)	(−0.1)	(−0.1)
Surplus or deficit (−)	**−212.3**	**−205.6**	**−181.8**	**−150.0**	**−138.9**	**−202.8**	**−143.6**	**−93.6**	**−67.5**	**2.8**	**38.2**	**56.4**	**71.4**
On-budget	(−221.6)	(−218.8)	(−197.2)	(−182.9)	(−181.7)	(−216.0)	(−159.3)	(−126.8)	(−111.3)	(2.8)	(38.0)	(56.1)	(70.4)
Off-budget	(9.4)	(13.2)	(15.4)	(32.9)	(42.8)	(13.2)	(15.7)	(33.2)	(43.8)	(−*)	(0.2)	(0.3)	(1.0)
ADDENDUM													
Budget authority	**1,074.1**	**1,066.4**	**1,142.4**	**1,220.7**	**1,285.5**	**1,058.7**	**1,102.0**	**1,165.9**	**1,218.0**	**−7.7**	**−40.4**	**−54.8**	**−67.4**
On-budget	(889.7)	(879.1)	(928.4)	(978.1)	(1,022.7)	(871.4)	(887.7)	(923.1)	(954.4)	(−7.7)	(−40.7)	(−55.0)	(−68.3)
Off-budget	(184.3)	(187.3)	(214.0)	(242.6)	(262.8)	(187.3)	(214.3)	(242.8)	(263.7)	......	(0.3)	(0.2)	(0.9)

*$50 million or less

Table 3. **RECEIPTS BY SOURCE AND OUTLAYS BY AGENCY, 1985–91**

(In billions of dollars)

	1985 actual	Estimate					
		1986	1987	1988	1989	1990	1991
Receipts by source:							
Individual income taxes	334.5	353.7	386.0	425.9	455.5	482.0	516.3
Corporation income taxes	61.3	70.9	86.7	101.2	111.8	119.7	125.6
Social insurance taxes and contributions	265.2	280.4	302.8	335.0	358.1	384.1	407.7
On-budget	(79.0)	(82.5)	(88.5)	(92.1)	(94.5)	(97.9)	(102.3)
Off-budget	(186.2)	(197.9)	(214.3)	(242.8)	(263.7)	(286.1)	(305.4)
Excise taxes	36.0	34.6	35.2	33.4	32.7	33.2	33.6
Estate and gift taxes	6.4	6.1	5.7	5.4	5.1	5.4	5.8
Customs duties	12.1	12.4	12.9	13.6	14.1	14.7	15.4
Miscellaneous receipts	18.5	19.0	21.1	18.7	18.7	19.0	19.6
Total receipts	**734.1**	**777.1**	**850.4**	**933.2**	**996.1**	**1,058.1**	**1,124.0**
On-budget	(547.9)	(579.2)	(636.1)	(690.4)	(732.5)	(771.9)	(818.6)
Off-budget	(186.2)	(197.9)	(214.3)	(242.8)	(263.7)	(286.1)	(305.4)
Outlays by agency:							
Legislative branch	1.6	1.9	2.0	2.0	2.0	2.1	2.1
The Judiciary	1.0	1.1	1.2	1.2	1.3	1.3	1.3
Executive Office of the President	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Funds appropriated to the President	12.0	12.5	13.8	13.4	12.8	12.1	12.2
Agriculture	55.5	54.2	44.6	44.6	43.6	39.9	35.8
Commerce	2.1	2.0	2.1	2.2	2.1	2.5	2.2
Defense—Military [1]	245.4	258.4	274.3	290.7	313.3	335.5	356.6
Defense—Civil	18.8	20.6	20.9	22.1	23.4	24.5	25.7
Education	16.7	17.8	15.4	14.4	14.6	14.2	14.0
Energy	10.6	10.1	10.2	11.7	12.3	12.6	13.1
Health and Human Services, except social security	132.1	140.9	139.1	148.8	157.5	166.0	175.3
Health and Human Services, social security	183.4	192.0	206.5	219.7	232.7	247.4	257.0
Housing and Urban Development	28.7	15.2	13.9	13.3	12.4	12.5	12.7
Interior	4.8	4.6	4.3	4.2	4.1	4.1	4.0
Justice	3.6	3.8	4.1	4.2	4.2	4.2	4.3
Labor	23.9	23.1	23.2	23.7	23.8	24.0	24.2
State	2.6	2.9	3.6	3.7	4.1	4.2	4.0
Transportation	25.0	26.3	24.7	23.3	22.6	22.9	22.2
Treasury	165.1	184.7	188.3	193.1	188.4	181.9	176.9
Environmental Protection Agency	4.5	4.6	4.5	4.4	4.4	4.1	3.6
General Services Administration	−0.2	*	−*	−0.9	−0.3	−0.3	−0.4
National Aeronautics and Space Administration	7.3	7.3	7.5	7.5	8.2	9.0	9.5
Office of Personnel Management	23.7	24.1	24.7	26.2	27.4	28.5	29.6
Small Business Administration	0.7	0.9	0.1	....	....	....	....
Veterans Administration	26.3	26.5	26.4	26.7	26.7	27.0	27.0
Other independent agencies	9.8	10.9	10.1	12.6	8.5	7.9	7.9
Allowances [2]	....	....	0.8	2.4	3.5	4.7	5.9
Undistributed offsetting receipts	−59.0	−67.1	−72.5	−88.6	−90.2	−99.1	−104.2
Total outlays	**946.3**	**979.9**	**994.0**	**1,026.8**	**1,063.6**	**1,093.8**	**1,122.7**

Table 3. **RECEIPTS BY SOURCE AND OUTLAYS BY AGENCY, 1985–91—Continued**

(In billions of dollars)

	1985 actual	Estimate					
		1986	1987	1988	1989	1990	1991
On-budget	(769.5)	(795.2)	(795.4)	(817.1)	(843.8)	(862.1)	(884.3)
Off-budget	(176.8)	(184.7)	(198.6)	(209.6)	(219.9)	(231.8)	(238.5)
Surplus or deficit (–)	**–212.3**	**–202.8**	**–143.6**	**–93.6**	**–67.5**	**–35.8**	**1.3**
On-budget	(–221.6)	(–216.0)	(–159.3)	(–126.8)	(–111.3)	(–90.1)	(–65.6)
Off-budget	(9.4)	(13.2)	(15.7)	(33.2)	(43.8)	(54.4)	(67.0)

*$50 million or less.

[1] Includes allowances for civilian and military pay raises for Department of Defense.

[2] Includes allowances for civilian agency pay raises and military pay raises for the Coast Guard.

Table 4. OUTLAYS BY FUNCTION, 1985–91

(In billions of dollars)

	1985 actual	Estimate					
		1986	1987	19[illegible]	1989	1990	1991
050 National defense	252.7	265.8	282.2	299.1	322.3	344.8	366.3
Department of Defense—Military	(245.4)	(258.4)	(274.3)	(290.7)	(313.3)	(335.5)	(356.6)
Other	(7.4)	(7.4)	(8.0)	(8.4)	(9.0)	(9.3)	(9.7)
150 International affairs	16.2	17.1	18.6	18.3	18.0	17.5	17.7
250 General science, space, and technology	8.6	8.9	9.2	9.3	10.2	11.0	11.7
270 Energy	5.7	4.4	4.0	4.5	3.9	3.7	3.9
300 Natural resources and environment	13.4	12.9	12.0	11.8	11.7	11.2	10.7
350 Agriculture	25.6	25.9	19.5	19.7	18.9	15.4	11.4
370 Commerce and housing credit	4.2	3.8	1.4	3.8	−0.5	−1.0	−1.8
400 Transportation	25.8	27.1	25.5	24.1	23.4	23.7	23.1
450 Community and regional development	7.7	7.9	6.5	5.5	5.0	5.2	5.2
500 Education, training, employment, and social services	29.3	30.7	27.4	26.3	26.4	26.0	26.0
550 Health	33.5	35.7	35.0	36.7	37.9	39.4	40.7
570 Medicare	65.8	68.7	70.2	76.0	83.0	90.5	98.4
600 Income security	128.2	118.1	118.4	123.1	125.7	128.3	132.5
650 Social security	188.6	200.1	212.2	226.1	239.9	254.7	263.5
On-budget	(5.2)	(8.0)	(5.7)	(6.4)	(7.2)	(7.4)	(6.5)
Off-budget	(183.4)	(192.0)	(206.5)	(219.7)	(232.7)	(247.4)	(257.0)
700 Veterans benefits and services	26.4	26.6	26.4	26.9	26.9	27.2	27.1
750 Administration of justice	6.3	6.8	6.9	7.0	7.1	7.1	7.2
800 General government	5.2	6.3	6.1	5.7	6.1	5.9	5.6
850 General purpose fiscal assistance	6.4	6.2	1.7	1.8	1.9	2.0	2.0
900 Net interest	129.4	142.7	148.0	145.1	136.0	125.6	115.9
On-budget	(133.6)	(147.2)	(152.7)	(151.4)	(144.7)	(136.4)	(129.1)
Off-budget	(−4.1)	(−4.4)	(−4.7)	(−6.3)	(−8.7)	(−10.8)	(−13.3)
920 Allowances:							
Civilian agency pay raises			0.4	1.9	3.1	4.3	5.6
Increased employer share, employee retirement			0.3	0.4	0.4	0.4	0.3
950 Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget)	−24.7	−26.3	−28.5	−30.2	−31.7	−33.1	−34.4
Employer share, employee retirement (off-budget)	−2.5	−2.8	−3.2	−3.7	−4.2	−4.8	−5.3
Rents and royalties on the Outer Continental Shelf	−5.5	−5.5	−5.3	−8.2	−6.4	−5.6	−5.6
Sale of major physical assets (proposed)		−1.2	−1.2	−4.2	−1.5	−5.8	−4.8
Total undistributed offsetting receipts	−32.8	−35.8	−38.1	−46.4	−43.8	−49.3	−50.1
On-budget	(−30.3)	(−32.9)	(−35.0)	(−42.6)	(−39.6)	(−44.5)	(−44.9)
Off-budget	(−2.5)	(−2.8)	(−3.2)	(−3.7)	(−4.2)	(−4.8)	(−5.3)
Total outlays	**946.3**	**979.9**	**994.0**	**1,026.8**	**1,063.6**	**1,093.8**	**1,122.7**
On-budget	(769.5)	(795.2)	(795.4)	(817.1)	(843.8)	(862.1)	(884.3)
Off-budget	(176.8)	(184.7)	(198.6)	(209.6)	(219.9)	(231.8)	(238.5)

Table 5. CREDIT BUDGET: NEW DIRECT LOAN OBLIGATIONS AND GUARANTEED LOAN COMMITMENTS BY AGENCY

(In millions of dollars)

Department or other unit	Direct Loan Obligations			Guaranteed Loan Commitments		
	1985 actual	1986 estimate	1987 estimate	1985 actual	1986 estimate	1987 estimate
Funds Appropriated to the President	6,339	6,532	7,260	310	282	150
Agriculture	21,256	23,805	14,425	3,910	7,231	5,500
FFB direct loans	2,063	2,019	1,815	....	....	
Commerce	106	20	16	53	57	3
Defense: FFB direct loans	1,533	495	....	....	....	....
Education	1,315	1,261	1,567	8,888	9,269	9,756
Energy	12	33	20	....	....	....
Health and Human Services	10	21	22	271	389	100
Housing and Urban Development [1]	15,072	2,013	2,046	47,441	49,336	37,164
FFB direct loans	133	50	....	....	....	....
Interior	74	66	66	42	60	30
Labor	1	2	3	....	....	....
State	1	1	1	....	....	....
Transportation	443	570	168	38	67	....
FFB direct loans	2	4	....	....	....	....
Treasury	60	....	....	....	....	....
Environmental Protection Agency	31	32	2	....	....	....
Small business assistance	1,017	962	751	2,810	2,950	....
FFB direct loans	525	514	300	....	....	....
Veterans Administration	1,090	1,126	1,166	12,140	12,299	14,715
Other independent agencies:						
Export-Import Bank	660	1,062	....	7,849	11,484	12,000
Federal Deposit Insurance Corporation	....	130	110	....	....	....
Federal Savings and Loan Insurance Corporation (FHLBB)	783	500	500	900	426	350
National Credit Union Administration	50	102	81	*	....	....
Tennessee Valley Authority	63	66	69	....	....	....
FFB direct loans	206	248	167	....	....	....
United States Synthetic Fuels Corporation	....	....	....	60	....	....
Total	**52,847**	**41,634**	**30,555**	**84,711**	**93,850**	**79,768**
ADDENDUM						
Secondary guaranteed loans [1]	....	....	....	54,597	60,463	55,357

* $500,000 or less.

[1] Commitments by GNMA to guarantee securities that are backed by loans previously insured or guaranteed by the Federal Housing Administration, Veterans Administration, or Farmers Home Administration (secondary guarantees) are excluded from the totals and shown as a memorandum entry.

Note: Loans guaranteed by Federal agencies and disbursed by the Federal Financing Bank (FFB) are identified in this table as FFB direct loans.

Table 6. FEDERAL GOVERNMENT FINANCING AND DEBT

(In billions of dollars)

FINANCING

	1985 actual	Estimate					
		1986	1987	1988	1989	1990	1991
Surplus or deficit (–)	–212.3	–202.8	–143.6	–93.6	–67.5	–35.8	1.3
On-budget	(–221.6)	(–216.0)	(–159.3)	(–126.8)	(–111.3)	(–90.1)	(–65.6)
Off-budget	(9.4)	(13.2)	(15.7)	(33.2)	(43.8)	(54.4)	(67.0)
Means of financing other than borrowing from the public:							
Decrease or increase (–) in Treasury operating cash balance	13.4	–2.9					
Increase or decrease (–) in:							
Checks outstanding, etc.[1]	–1.0	.4	1.5				
Deposit fund balances	2.1	.7	–.1				
Seigniorage on coins	.5	.4	.5	.6	.8	.8	.9
Total, means of financing other than borrowing from the public	15.0	–1.4	2.0	.6	.8	.8	.9
Total, requirements for borrowing from the public	–197.3	–204.2	–141.7	–93.0	–66.8	–34.9	2.2
Change in debt held by the public	**197.3**	**204.2**	**141.7**	**93.0**	**66.8**	**34.9**	**2.2**

DEBT, END OF YEAR

	1985 actual	1986	1987	1988	1989	1990	1991
Gross Federal debt:							
Debt issued by Treasury	1,823.1	2,107.8	2,316.7	2,507.0	2,682.3	2,839.4	2,974.7
Debt issued by other agencies	4.4	4.2	4.0	2.0	2.0	2.0	2.0
Total, gross Federal debt	1,827.5	2,112.0	2,320.6	2,509.0	2,684.3	2,841.4	2,976.7
Held by:							
Government accounts	317.6	398.0	464.9	560.3	668.9	791.0	928.6
The public	1,509.9	1,714.0	1,855.7	1,948.7	2,015.4	2,050.3	2,048.1
Federal Reserve System	169.8						
Others	1,340.1						

Table 6. FEDERAL GOVERNMENT FINANCING AND DEBT—Continued

(In billions of dollars)

DEBT SUBJECT TO STATUTORY LIMITATION, END OF YEAR

	1985 actual	Estimate					
		1986	1987	1988	1989	1990	1991
Debt issued by Treasury	1,823.1	2,107.8	2,316.7	2,507.0	2,682.3	2,839.4	2,974.7
Treasury debt not subject to limitation (−)	−.6	−.6	−.6	−.6	−.6	−.6	−.6
Agency debt subject to limitation	1.3	1.3	1.3	.1	.1	.1	.1
Total, debt limitation [2]	**1,823.8**	**2,108.5**	**2,317.4**	**2,506.5**	**2,681.9**	**2,838.9**	**2,974.3**

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[1] Besides checks outstanding, includes accrued interest payable on Treasury debt, miscellaneous liability accounts, allocations of special drawing rights, and, as an offset, cash and monetary assets other than the Treasury operating cash balance, miscellaneous asset accounts, and profit on sale of gold.

[2] The statutory debt limit is $2,078.7 billion (Public Law 99-177).

Table 7. FULL-TIME EQUIVALENT OF FEDERAL CIVILIAN EMPLOYMENT[1]

	Fiscal year				
	1985 actual[2]	1986 estimate	1987 estimate	1988 estimate	difference 86–87
Agriculture	106,658	108,750	98,500	96,570	−10,250
Commerce	32,790	34,440	33,830	37,643	−610
Defense—civil functions	28,681	28,548	28,348	28,348	−200
Education	4,876	4,579	4,500	4,500	−79
Energy	16,257	16,218	15,721	12,005	−497
Health and Human Services	132,501	128,483	123,636	118,674	−4,847
Housing and Urban Development	12,101	11,720	11,288	10,916	−432
Interior	72,166	72,015	70,305	69,955	−1,710
Justice	60,852	64,266	65,820	66,028	1,554
Labor	18,176	18,549	18,155	18,060	−394
State	24,788	26,088	26,937	27,122	849
Transportation	61,044	60,938	58,981	57,164	−1,957
Treasury	127,442	126,467	129,587	132,345	3,120
Environmental Protection Agency	12,459	13,361	13,161	13,090	−200
National Aeronautics and Space Administration	21,991	21,800	21,800	21,800	....
Veterans Administration	221,292	221,051	212,066	204,662	−8,985
Other:					
Agency for International Development	4,969	4,875	4,825	4,700	−50
General Services Administration	25,254	25,406	22,635	22,297	−2,771
Nuclear Regulatory Commission	3,498	3,491	3,369	3,369	−122
Office of Personnel Management	5,666	5,510	5,419	5,029	−91
Panama Canal Commission	8,215	8,300	8,300	8,300	....
Small Business Administration	4,177	4,219	707	0	−3,512
Tennessee Valley Authority	31,098	31,000	31,000	31,000	....
United States Information Agency	8,572	9,120	9,280	9,369	160
Miscellaneous	39,582	41,430	40,822	40,552	−608
Estimated nondefense lapse	....	−8,180	....	....	8,180
Civilian agency employment	**1,085,105**	**1,082,444**	**1,058,992**	**1,043,498**	**−23,452**
Defense—military functions[3]	1,036,870	1,034,375	1,037,113	1,037,356	2,738
Subtotal	2,121,975	2,116,819	2,096,105	2,080,854	−20,714
Postal Service Employment[4]	692,748	717,694	736,852	764,852	19,158
Total, Executive Branch	2,814,723	2,834,513	2,832,957	2,845,706	−1,556

[1] Excludes developmental positions under the Worker-Trainee Opportunity Program (WTOP) as well as certain statutory exemptions.

[2] Data are estimated for portions of Defense-civil functions as well as for the Federal Reserve System, Board of Governors and the International Trade Commission.

[3] Section 904 of the 1982 Defense Authorization Act (Public Law 97–86) exempts the Department of Defense from full-time equivalent employment controls. Data shown are estimated.

[4] Includes the Postal Rate Commission.

Table 8. **BUDGET AUTHORITY BY FUNCTION, 1985–91**

(In billions of dollars)

	1985 actual	Estimate					
		1986	1987	1988	1989	1990	1991
050 National defense	294.7	286.1	320.3	341.6	363.2	384.8	405.9
Department of Defense—Military	(286.8)	(278.4)	(311.6)	(332.4)	(353.5)	(374.7)	(395.5)
Other	(7.9)	(7.7)	(8.7)	(9.2)	(9.7)	(10.1)	(10.4)
150 International affairs	26.5	20.8	22.6	21.5	21.5	20.9	20.8
250 General science, space, and technology	9.2	8.8	9.5	10.0	11.0	11.5	12.1
270 Energy	8.8	5.8	4.4	5.3	4.8	4.7	4.7
300 Natural resources and environment	13.3	12.0	10.9	10.6	10.0	9.4	9.4
350 Agriculture	27.5	28.1	19.6	22.3	22.6	18.4	13.6
370 Commerce and housing credit	12.1	8.7	10.2	8.7	6.5	7.6	7.1
400 Transportation	29.6	27.6	22.6	22.4	22.5	22.6	22.7
450 Community and regional development	8.2	6.8	3.8	5.0	4.8	5.5	5.5
500 Education, training, employment, and social services	32.4	28.6	27.0	26.6	26.6	26.1	26.0
550 Health	33.6	35.4	35.3	36.5	38.0	39.4	40.8
570 Medicare	71.7	86.7	82.3	89.8	98.1	105.8	112.7
600 Income security	164.1	151.4	153.3	163.3	166.0	171.2	183.5
650 Social security	199.5	199.4	227.9	259.2	283.7	309.1	330.5
On-budget	(8.5)	(4.8)	(5.7)	(6.4)	(7.2)	(7.4)	(6.5)
Off-budget	(191.0)	(194.6)	(222.2)	(252.8)	(276.5)	(301.8)	(324.0)
700 Veterans benefits and services	27.4	27.4	26.7	27.3	27.5	27.8	27.9
750 Administration of justice	6.7	6.6	7.1	7.2	7.3	7.4	7.5
800 General government	6.0	6.4	6.2	5.7	6.1	6.0	5.7
850 General purpose fiscal assistance	6.3	5.2	1.7	1.8	1.9	2.0	2.0
900 Net interest	129.4	142.7	148.0	145.1	136.0	125.6	115.9
On-budget	(133.6)	(147.2)	(152.7)	(151.4)	(144.7)	(136.4)	(129.1)
Off-budget	(−4.1)	(−4.4)	(−4.7)	(−6.3)	(−8.7)	(−10.8)	(−13.3)
920 Allowances:							
Civilian agency pay raises	....	....	0.4	2.0	3.2	4.4	5.6
Increased employer share, employee retirement	....	....	0.3	0.4	0.4	0.4	0.3
Total allowances	....	....	0.8	2.4	3.6	4.7	6.0
950 Undistributed offsetting receipts:							
Employer share, employee retirement (on-budget)	−24.7	−26.3	−28.5	−30.2	−31.7	−33.1	−34.4
Employer share, employee retirement (off-budget)	−2.5	−2.8	−3.2	−3.7	−4.2	−4.8	−5.3
Rents and royalties on the Outer Continental Shelf	−5.5	−5.5	−5.3	−8.2	−6.4	−5.6	−5.6
Sale of major physical assets (proposed)	....	−1.2	−1.2	−4.2	−1.5	−5.8	−4.8
Total undistributed offsetting receipts	−32.8	−35.8	−38.1	−46.4	−43.8	−49.3	−50.1
On-budget	(−30.3)	(−32.9)	(−35.0)	(−42.6)	(−39.6)	(−44.5)	(−44.9)
Off-budget	(−2.5)	(−2.8)	(−3.2)	(−3.7)	(−4.2)	(−4.8)	(−5.3)
Total budget authority	**1,074.1**	**1,058.7**	**1,102.0**	**1,165.9**	**1,218.0**	**1,261.3**	**1,310.1**
On-budget	(889.7)	(871.4)	(887.7)	(923.1)	(954.4)	(975.2)	(1,004.7)
Off-budget	(184.3)	(187.3)	(214.3)	(242.8)	(263.7)	(286.1)	(305.4)

Table 9. **BUDGET AUTHORITY BY AGENCY, 1985–91**

(In billions of dollars)

Department or other unit	1985 Actual	Estimate					
		1986	1987	1988	1989	1990	1991
Legislative Branch	1.7	1.8	2.0	2.0	2.0	2.1	2.1
The Judiciary	1.1	1.0	1.2	1.3	1.3	1.3	1.4
Executive Office of the President	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Funds Appropriated to the President	20.5	15.3	15.6	14.7	14.4	14.1	13.9
Agriculture	61.9	56.7	45.8	48.8	49.1	45.3	40.5
Commerce	2.3	1.9	1.8	1.9	1.9	2.8	1.8
Defense—Military [1]	286.8	278.4	311.6	332.4	353.5	374.7	395.5
Defense—Civil	30.4	34.0	36.6	39.2	41.8	44.5	46.9
Education	19.1	16.7	15.2	14.9	14.7	14.1	14.0
Energy	12.6	9.9	10.3	12.1	12.7	13.1	13.6
Health and Human Services, except Social Security	141.1	154.5	151.0	162.3	172.6	181.2	189.7
Health and Human Services, Social Security	191.0	194.6	222.2	252.8	276.5	301.8	324.0
Housing and Urban Development	31.4	10.7	5.5	10.0	9.7	10.4	16.8
Interior	5.0	4.3	3.9	4.0	4.0	4.1	4.0
Justice	3.8	3.8	4.3	4.3	4.4	4.4	4.5
Labor	27.7	27.2	28.5	27.5	26.2	27.0	27.5
State	3.6	4.1	4.9	4.4	4.4	4.0	3.9
Transportation	28.8	26.8	21.7	21.6	21.7	21.8	21.9
Treasury	166.3	184.0	190.3	193.1	188.6	182.1	176.9
Environmental Protection Agency	4.3	4.6	4.2	3.6	2.9	2.3	2.3
General Services Administration	0.3	0.2	0.2	−0.3	0.1	0.1	0.1
National Aeronautics and Space Administration	7.6	7.3	7.7	8.1	9.0	9.4	9.9
Office of Personnel Management	41.6	42.9	46.6	49.6	51.8	53.3	55.1
Small Business Administration	1.3	0.9	0.1	....	....	....	....
Veterans Administration	27.3	27.0	26.6	27.2	27.4	27.8	27.8
Other Independent Agencies	15.5	17.0	15.7	16.5	13.8	13.9	14.1
Allowances:							
Civilian agency pay raises [2]	....	....	0.4	2.0	3.2	4.4	5.6
Increased employer share, employee retirement	....	....	0.3	0.4	0.4	0.4	0.3
Total allowances	....	....	0.8	2.4	3.6	4.7	6.0
Undistributed offsetting receipts:							
Interest received by on-budget trust funds	−22.1	−26.7	−29.6	−33.5	−36.7	−39.0	−40.8
Interest received by off-budget trust funds	−4.1	−4.4	−4.7	−6.3	−8.7	−10.8	−13.3
Interest received by OCS escrow account	−*	−0.3	....	−2.5	−1.0	....	....
Employer share, employee retirement (on-budget)	−24.7	−26.3	−28.5	−30.2	−31.7	−33.1	−34.4
Employer share, employee retirement (off-budget)	−2.5	−2.8	−3.2	−3.7	−4.2	−4.8	−5.3
Rents and royalties on the Outer Continental Shelf	−5.5	−5.5	−5.3	−8.2	−6.4	−5.6	−5.6
Sale of major physical assets (proposed)	....	−1.2	−1.2	−4.2	−1.5	−5.8	−4.8
Total undistributed offsetting receipts	−59.0	−67.1	−72.5	−88.6	−90.2	−99.1	−104.2
On-budget	(−52.3)	(−59.9)	(−64.6)	(−78.6)	(−77.4)	(−83.5)	(−85.7)

Table 9. BUDGET AUTHORITY BY AGENCY, 1985–91—Continued

(In billions of dollars)

Department or other unit	1985 Actual	Estimate					
		1986	1987	1988	1989	1990	1991
Off-budget	(−6.6)	(−7.3)	(−7.9)	(−10.0)	(−12.9)	(−15.6)	(−18.6)
Total budget authority	**1,074.1**	**1,058.7**	**1,102.0**	**1,165.9**	**1,218.0**	**1,261.3**	**1,310.1**
On-budget	(889.7)	(871.4)	(887.7)	(923.1)	(954.4)	(975.2)	(1,004.7)
Off-budget	(184.3)	(187.3)	(214.3)	(242.8)	(263.7)	(286.1)	(305.4)
MEMORANDUM							
Available through current action by Congress:							
Enacted and pending	561.1	533.2					
Proposed in this budget		−9.1	555.9	592.1	618.9	N/A	N/A
To be requested separately		1.5	8.3	12.0	17.9	N/A	N/A
Available without current action by Congress	698.2	725.1	732.5	778.4	805.6	N/A	N/A
Deductions for offsetting receipts [3]	185.2	191.8	194.7	216.4	224.3	N/A	N/A
Total budget authority	**1,074.1**	**1,058.7**	**1,102.0**	**1,165.9**	**1,218.0**	**1,261.3**	**1,310.1**

*$50 million or less.

N/A = Not available.

[1] Includes allowances for civilian and military pay raises for Department of Defense.

[2] Includes allowances for civilian agency pay raises and military pay raises for the Coast Guard.

[3] These consist of intragovernmental transactions and proprietary receipts from the public.

Table 10. BUDGET AUTHORITY AND OUTLAYS AVAILABLE WITH AND WITHOUT CURRENT ACTION BY CONGRESS [1]

(In millions of dollars)

Department or other unit	Budget authority			Outlays		
	1985 actual	1986 estimate	1987 estimate	1985 actual	1986 estimate	1987 estimate
Portion available through current action by Congress:						
Legislative branch	1,550	1,643	1,829	1,307	1,482	1,661
The Judiciary	1,038	1,031	1,221	884	907	1,080
Executive Office of the President	116	108	115	99	91	105
Funds appropriated to the President	16,841	13,290	15,116	6,682	6,476	8,617
Agriculture	27,342	23,514	24,458	24,428	22,736	22,738
Commerce	2,296	1,886	1,778	1,367	1,243	1,256
Defense—Military [2]	283,714	278,601	312,271	157,133	155,373	174,854
Defense—Civil	2,942	2,761	2,884	1,986	1,548	1,180
Education	19,089	16,751	15,211	6,319	6,179	5,367
Energy	15,763	13,279	11,741	9,606	7,842	7,497
Health and Human Services [3]	75,070	70,830	70,298	64,620	64,171	61,896
Housing and Urban Development	17,005	9,313	3,955	761	458	1,265
Interior	5,522	4,856	4,458	3,909	3,714	3,611
Justice	3,848	3,692	4,208	3,062	3,056	3,267
Labor	6,338	5,964	5,769	2,129	2,457	2,434
State	3,011	3,476	4,124	2,084	2,297	2,279
Transportation	11,352	8,975	16,635	6,351	5,819	6,306
Treasury	14,356	13,173	13,447	13,474	13,321	12,371
Environmental Protection Agency	4,398	4,989	4,259	1,128	1,355	1,204
General Services Administration	395	388	394	336	326	327
National Aeronautics and Space Administration	7,573	7,306	7,694	5,530	4,920	5,145
Office of Personnel Management	5,856	5,440	7,969	5,724	5,860	5,006
Small Business Administration	729	361	−220	303	211	90
Veterans Administration	26,387	26,230	25,976	22,982	23,013	22,775
Other independent agencies	8,562	7,658	7,841	6,234	5,767	5,831
Allowances [4]			770			754
Subtotal	**561,091**	**525,515**	**564,205**	**348,439**	**340,619**	**358,915**
Portion available without current action by Congress	698,175	725,070	732,471	530,343	531,565	527,953
Outlays from obligated balances [5]				192,347	215,439	212,535
Outlays from unobligated balances [5]				60,398	84,154	89,291
Deductions for offsetting receipts	−185,203	−191,849	−194,691	−185,203	−191,849	−194,691
Total budget authority and outlays	**1,074,063**	**1,058,736**	**1,101,985**	**946,323**	**979,928**	**994,002**
MEMORANDUM						
Appropriations to liquidate contract authority: [6]						
Agriculture			98			
Housing and Urban Development		−721	−1,720			
Interior	28	10				
Transportation	14,078	14,986	14,551			
Total	**14,106**	**14,276**	**12,930**			

[1] Includes budget authority and outlays that are off-budget under current law.
[2] Includes allowances for civilian and military pay raises for Department of Defense.
[3] Includes amounts for Social Security trust funds that are available through current action by Congress.
[4] Includes allowances for civilian agency pay raises and military pay raises for the Coast Guard.
[5] Outlays from appropriations to liquidate contract authority are included as outlays from balances.
[6] Excluded from budget authority above.

Table 11. **RELATION OF BUDGET AUTHORITY TO OUTLAYS** [1]

(In millions of dollars)

Description	1985 actual	1986 estimate	1987 estimate
Budget authority available through current action by Congress:			
Enacted, pending, or recommended herein:			
Appropriations [2]	548,911	515,040	545,626
Contract authority	10,759	8,309	10,010
Authority to borrow	834	501	209
Reappropriations and reauthorizations	587	67	....
To be requested separately:			
Appropriations [2]	....	2,097	8,176
Contract authority	....	....	–30
Authority to borrow	....	–499	214
Total budget authority available through current action by Congress (table 10)	**561,091**	**525,515**	**564,205**
Budget authority available without current action by Congress (permanent authorizations):			
Appropriations [2]	611,745	656,361	690,229
Contract authority	35,739	35,966	18,107
Authority to borrow	50,691	32,743	24,135
Deductions for offsetting receipts (table 14):			
Intragovernmental transactions	–149,945	–154,554	–153,920
Proprietary receipts from the public	–35,259	–37,295	–40,771
Total budget authority for the year (table 8)	**1,074,063**	**1,058,736**	**1,101,985**
Unobligated balances and adjustments:			
Unobligated balances:			
Brought forward at start of year (table 12)	419,993	480,275	518,089
Written off (rescinded, lapsed, etc.) [3]	–22,369	–16,888	–14,343
Carried forward at end of year (table 12)	–480,275	–518,089	–576,331
Obligations incurred, net [4]	**991,412**	**1,004,034**	**1,029,400**
Obligated balances:			
Brought forward at start of year, funded (table 12)	554,438	598,107	595,879
Adjustments in expired accounts	4,231	502	–40
Adjustments in unexpired accounts	–5,652	–26,836	–6,824
Deficiency appropriations	....	....	227
Carried forward at end of year (table 12)	–598,107	–595,879	–624,641
Outlays (table 3)	**946,323**	**979,928**	**994,002**
MEMORANDUM			
Federal funds included above:			
Budget authority available through current action by Congress	556,632	523,739	546,698
Budget authority [5]	794,461	764,791	783,697
Obligations incurred, net [5]	763,263	772,574	783,265
Budget outlays [5]	726,137	750,949	751,789

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[1] Includes budget authority and outlays that are off-budget under current law.

[2] Excludes appropriations to liquidate contract authority:

	1985 actual	*1986 estimate*	*1987 estimate*
Enacted, pending, or recommended herein	35,965	39,084	39,375
For later transmittal	....	–721	–1,720

[3] Includes redemption of agency debt and capital transfers to the general fund, as well as proposed and enacted rescissions of unobligated balances.

[4] For additional information on obligations incurred, net, see the OMB report "Object Class Analysis", which can be purchased from the National Technical Information Service shortly after the budget is transmitted.

[5] Amounts are net of intrafund transactions, and proprietary receipts from the public.

Table 12. BALANCES OF BUDGET AUTHORITY [1]

(In millions of dollars)

Department or other unit	Start 1985		End 1985		End 1986		End 1987	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
Legislative branch	329	162	412	404	433	232	458	207
The Judiciary	101	96	124	142	136	114	159	127
Executive Office of the President	21	*	21	*	17	*	19	*
Funds appropriated to the President	40,452	30,972	47,300	31,225	50,833	29,743	51,994	29,650
Agriculture	18,377	1,895	19,422	2,182	19,821	1,389	17,186	2,127
Commerce	1,488	372	1,644	355	1,524	286	1,220	278
Defense—Military [2]	153,459	51,620	182,861	61,487	202,433	59,927	239,338	60,327
Defense—Civil	792	516	2,184	10,694	2,336	23,945	2,547	39,452
Education	12,271	1,236	13,683	1,993	12,771	1,605	12,075	1,344
Energy	8,345	2,119	7,949	2,450	8,048	2,048	8,411	988
Health and Human Services, except Social Security	6,938	27,833	7,298	36,576	7,669	48,481	8,818	59,206
Health and Human Services, Social Security	13,513	18,701	14,727	25,026	15,700	26,634	16,835	41,158
Housing and Urban Development	213,045	58,013	213,301	58,476	186,155	56,203	177,044	49,210
Interior	2,453	1,823	2,345	2,039	2,114	1,713	1,774	1,629
Justice	594	387	731	444	829	270	967	316
Labor	4,514	18,377	4,957	19,802	4,695	24,161	4,549	29,434
State	598	2,244	702	3,013	1,820	3,058	2,618	3,483
Transportation	33,057	10,718	35,205	12,252	35,182	12,400	33,533	11,051
Treasury	1,913	28,326	2,097	23,765	910	15,997	1,010	16,166
Environmental Protection Agency	10,753	722	10,176	1,136	9,162	2,146	9,709	1,239
General Services Administration	839	934	970	1,244	990	1,390	1,395	392
National Aeronautics and Space Administration	1,321	1,001	1,631	912	1,735	766	1,996	642
Office of Personnel Management	2,022	129,081	1,982	146,999	2,089	165,689	2,241	186,256
Small Business Administration	180	1,417	260	1,774	193	1,637	10	....
Veterans Administration	3,905	12,454	4,071	13,174	4,465	13,257	5,095	12,890
Other independent agencies:								
Export-Import Bank	4,956	....	3,109	439	1,977	61	687	732
Federal Deposit Insurance Corporation	5,061	9,144	4,652	11,495	3,526	14,279	2,481	17,224
Federal Home Loan Bank Board	1,664	4,577	1,907	3,920	3,121	2,248	4,378	1,188
Railroad Retirement Board	496	2,498	578	3,567	830	5,122	1,004	6,145
All other independent agencies	10,983	2,454	11,809	3,287	14,367	3,284	15,076	3,469
Allowances [3]	....	....	....	....	....	....	16	....
Total	**554,438**	**419,993**	**598,107**	**480,275**	**595,879**	**518,089**	**624,641**	**576,331**
MEMORANDUM								
Federal funds	488,987	199,214	524,879	207,910	520,170	184,461	545,010	171,796
Trust funds	65,451	220,779	73,228	272,365	75,709	333,628	79,631	404,536
Total	**554,438**	**419,993**	**598,107**	**480,275**	**595,879**	**518,089**	**624,641**	**576,331**

*$500 thousand or less.

[1] Includes balances of budget authority that are off-budget under current law.

[2] Includes balances of allowances for civilian and military pay raises for the Department of Defense.

[3] Includes balances of allowances for civilian agency pay raises.

Table 13. **RECEIPTS BY SOURCE**

(In millions of dollars)

Source	1985 actual	1986 estimate	1987 estimate
Individual income taxes:			
Withheld	298,941	325,174	358,307
Other	101,333	103,110	109,568
Proposed legislation	....	−217	−1,045
Gross individual income taxes	400,274	428,067	466,830
Refunds	−65,743	−74,329	−80,846
Net individual income taxes	**334,531**	**353,738**	**385,984**
Corporation income taxes:			
Existing law	77,413	86,384	101,429
Proposed legislation	....	−38	−339
Refunds	−16,082	−15,481	−14,361
Net corporation income taxes	**61,331**	**70,865**	**86,729**
Social insurance taxes and contributions (trust funds):			
Employment taxes and contributions:			
Old-age and survivors insurance (off-budget)	169,822	180,574	195,190
Proposed legislation (off-budget)	....	....	284
Disability insurance (off-budget)	16,348	17,364	18,773
Proposed legislation (off-budget)	....	....	28
Hospital insurance	44,871	50,641	55,655
Proposed legislation	....	....	82
Railroad retirement:			
Social Security equivalent account	1,391	1,365	1,383
Rail pension fund	2,213	2,170	2,250
Proposed legislation	....	....	96
Total employment taxes and contributions	234,646	252,114	273,741
On-budget	(48,475)	(54,176)	(59,466)
Off-budget	(186,171)	(197,938)	(214,275)
Unemployment insurance:			
State taxes deposited in Treasury [1]	19,969	18,429	17,020
Proposed legislation	....	....	55
Federal unemployment tax receipts [1]	5,554	4,932	5,979
Proposed legislation	....	....	14
Railroad unemployment tax receipts [1]	235	220	214
Proposed legislation	....	....	42
Rairoad debt repayment [1]	....	....	91
Total unemployment insurance	25,758	23,581	23,415
Other retirement contributions:			
Federal employees' retirement—employee contributions	4,672	4,653	4,607
Proposed legislation	....	....	926
Contributions for non-Federal employees [2]	87	90	93
Proposed legislation	....	....	23
Total other retirement contributions	4,759	4,743	5,648
Total social insurance taxes and contributions	**265,163**	**280,438**	**302,804**
On-budget	(78,992)	(82,500)	(88,529)
Off-budget	(186,171)	(197,938)	(214,275)
Excise taxes:			
Federal funds:			
Alcohol taxes:			
Distilled spirits	3,728	4,110	4,104
Beer	1,660	1,605	1,613
Wines	269	276	291
Special taxes in connection with liquor occupations	21	21	21

Table 13. **RECEIPTS BY SOURCE—Continued**

(In millions of dollars)

Source	1985 actual	1986 estimate	1987 estimate
Refunds	–116	–124	–128
Total alcohol taxes	5,562	5,888	5,901
Tobacco taxes:			
Cigarettes	4,743	3,536	2,320
Proposed legislation	....	1,021	2,242
Cigars	30	30	30
Cigarette papers and tubes	2	2	2
Other	8	8	8
Refunds	–4	–3	–2
Total tobacco taxes	4,779	4,594	4,600
Manufacturers' excise taxes:			
Gasoline	1	1	1
Firearms, shells, and cartridges	89	92	98
Pistols and revolvers	23	24	26
Bows and arrows	8	9	9
Gas guzzler tax	40	58	75
Windfall profit tax	6,396	4,161	2,774
Refunds	–61	–90	–27
Total manufacturers' excise taxes	5,496	4,255	2,956
Miscellaneous excise taxes:			
General and toll telephone and teletype service	2,147	2,327	2,551
Wagering taxes, including occupational taxes	7	7	8
Employee pension plans	14	14	15
Tax on foundations	142	127	127
Foreign insurance policies	74	80	87
Other	1	....	....
Refunds	–65	–20	–20
Total miscellaneous excise taxes	2,320	2,535	2,768
Undistributed Federal tax deposits and unapplied collections	–57	154	8
Total Federal fund excise taxes	19,097	17,426	16,233
Trust funds:			
Highway:			
Gasoline	8,886	8,730	8,846
Trucks, buses, and trailers	1,397	1,198	1,190
Tires, innertubes, and tread rubber	224	251	239
Diesel fuel used on highways	2,559	2,618	2,700
Use-tax on certain vehicles	379	406	430
Proposed legislation	....	....	623
Refunds	–428	–180	–214
Total highway trust fund	13,015	13,022	13,814
Airport and airway:			
Transportation of persons	2,509	2,607	2,882
Waybill tax	134	144	154
Tax on fuels	104	114	118
International departure tax	108	94	98
Refunds	–4	–5	–5
Total airport and airway trust fund	2,851	2,954	3,247
Aquatic resources trust fund	126	203	182
Black lung disability insurance trust fund	581	546	580
Proposed legislation	....	....	203
Inland waterway trust fund	40	51	52
Hazardous substances response trust fund	273	15	....
Proposed legislation	....	412	893
Post-closure liability trust fund	7	....	....
Total trust fund excise taxes	16,894	17,202	18,970

Table 13. RECEIPTS BY SOURCE—Continued

(In millions of dollars)

Source	1985 actual	1986 estimate	1987 estimate
Total excise taxes	**35,992**	**34,628**	**35,203**
Estate and gift taxes	**6,422**	**6,073**	**5,661**
Customs duties [3]	**12,079**	**12,404**	**12,937**
Miscellaneous receipts: [4]			
Miscellaneous taxes	207	204	213
Deposit of earnings, Federal Reserve System	17,059	16,532	16,560
Alternative fuels production	8		
Fees for permits and regulatory and judicial services:			
Immigration, passport, and consular fees	276	291	306
Patent and copyright fees	*		
Registration and filing fees	278	287	289
Proposed legislation			16
Coal mining reclamation fees	223	229	228
Miscellaneous fees for permits, licenses, etc	−24	35	36
Miscellaneous fees for regulatory and judicial services	125	106	96
Proposed legislation			205
Fees for legal and judicial services	2	2	2
Total fees for permits and regulatory and judicial services	880	950	1,179
Fines, penalties, and forfeitures:			
Petroleum overcharge funds		750	1,500
Proposed legislation			1,000
Other	370	544	597
Proposed legislation		1	1
Total fines, penalties, and forfeitures	370	1,295	3,098
Restitutions, reparations, and recoveries under military occupation	3	2	2
Gifts and contributions	41	37	29
Refunds and recoveries	−28	−27	−27
Total miscellaneous receipts	**18,539**	**18,993**	**21,054**
Total receipts	**734,057**	**777,139**	**850,372**
On-budget	(547,886)	(579,201)	(636,097)
Off-budget	(186,171)	(197,938)	(214,275)
MEMORANDUM			
On-budget:			
Federal funds	459,488	485,155	533,293
Trust funds	197,749	207,196	216,689
Interfund transactions	−109,352	−113,149	−113,884
Total on-budget	547,886	579,201	636,097
Off-budget (trust funds)	186,171	197,938	214,275
Total	734,057	777,139	850,372

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*$500 thousand or less.

[1] Deposits by States are State payroll taxes that cover the benefit part of the program. Federal unemployment tax receipts cover administrative costs at both the Federal and State level. Railroad unemployment tax receipts cover both the benefits and administrative costs of the program for the railroads.

[2] Represents employer and employee contributions to the civil service retirement and disability fund for covered employees of Government-sponsored, privately owned enterprises and the District of Columbia municipal government.

[3] Includes both Federal and trust funds. Trust fund amounts in customs duties are: 1985, $30 million; and 1986, $30 million, and 1987, $30 million.

[4] Includes both Federal and trust funds. Trust fund amounts in miscellaneous receipts are: 1985, $145 million; 1986, $162 million; and 1987, $165 million.

Note.—Estimates for 1986 and 1987 include effects of proposed legislation.

Note.—For all years, transactions of the social security trust funds are presented off-budget and transactions of formerly off-budget accounts are included on-budget.

Table 14. OFFSETTING RECEIPTS BY TYPE

(In millions of dollars)

Type	1985 actual	1986 estimate	1987 estimate
INTRAGOVERNMENTAL TRANSACTIONS			
Intrabudgetary transactions:			
Federal intrafund transactions:			
Distributed by agency:			
Interest from the Federal Financing Bank	17,296	16,540	17,639
Interest on Government capital in enterprises	4,817	4,385	4,526
Other	−73	155	139
Total Federal intrafunds	22,040	21,081	22,305
Trust intrafund transactions:			
Distributed by agency	24	11	2
Total intrafund transactions	22,064	21,092	22,307
Interfund transactions:			
Distributed by agency:			
Federal fund payments to trust funds:			
Contributions to insurance programs:			
Military retirement fund	9,500	10,500	11,200
Supplementary medical insurance	17,898	18,047	18,517
Hospital insurance	1,348	1,076	963
Railroad social security equivalent benefits	1,950	2,247	2,355
Railroad industry pension fund	986	1,069	331
Civilian supplementary retirement contributions	16,468	16,721	16,660
Unemployment insurance	1,592	248	278
Other	372	451	267
Miscellaneous contributions:			
State and local government fiscal assistance	4,567	3,425	....
Other	228	580	321
Subtotal	54,908	54,365	50,893
Trust fund payments to Federal funds:			
Repayment of loans or advances to trust funds	6,912	5,048	4,080
Charges for services to trust funds	243	265	259
Other	510	536	551
Subtotal	7,665	5,849	4,890
Total interfunds distributed by agency	62,572	60,213	55,783
Undistributed by agency:			
Employer share, employee retirement (on-budget):			
Civil service retirement and disability insurance	6,192	6,336	7,635
Hospital insurance (contribution as employer) [a]	1,449	1,597	1,711
Military retirement fund	16,964	18,034	19,069
Other Federal employees retirement	103	315	56
Total employer share, employee retirement (on-budget)	24,708	26,283	28,471
Interest received by on-budget trust funds	22,071	26,654	29,631
Total interfund transactions undistributed by agency	46,780	52,936	58,101
Total interfund transactions	109,352	113,149	113,884
Total intrabudgetary transactions	131,416	134,241	136,191
Payments by on-budget accounts to off-budget accounts:			
Interfund transactions:			
Distributed by agency:			
Federal fund payments to trust funds:			
Old-age, survivors, and disability insurance	7,187	9,117	6,363

Table 14. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Type	1985 actual	1986 estimate	1987 estimate
Undistributed by agency:			
Employer share, employee retirement (off-budget)	2,509	2,843	3,177
Interest received by off-budget trust funds	4,118	4,418	4,716
Total payments by on-budget accounts to off-budget accounts	13,814	16,378	14,256
Payments by off-budget accounts to on-budget accounts:			
Intrafund transactions from off-budget accounts:			
Distributed by agency:			
Payments to railroad retirement	2,353	2,685	2,813
Interest payments to hospital insurance	1,207	383	....
Total Intrafund transactions from off-budget accounts	3,560	3,068	2,813
Interfund transactions from off-budget accounts:			
Distributed by agency:			
Interest payments to the Treasury	791	684	660
Total payments by off-budget accounts to on-budget accounts	4,351	3,752	3,473
Intratrust transactions between off-budget accounts:			
Distributed by agency:			
Interest on inter-trust borrowings	365	182	....
Total intragovernmental transactions	**149,945**	**154,554**	**153,920**
PROPRIETARY RECEIPTS FROM THE PUBLIC			
Distributed by agency:			
Interest:			
Interest on loans, Foreign Assistance Act	386	357	359
Other interest on foreign loans and deferred foreign collections	939	936	1,205
Interest on deposits in tax and loan accounts	1,028	755	780
Other interest (domestic-civil) [a]	822	871	1,356
Total interest	3,175	2,919	3,700
Dividends and other earnings	27	5	5
Rents:			
Rent and bonuses from land leases, etc	25	68	136
Rent of land and other real property	106	52	56
Rent of equipment and other personal property	14	15	15
Total rents	145	135	208
Royalties	1,074	1,112	1,140
Sale of products:			
Sale of timber and other natural land products	773	1,154	1,021
Sale of minerals and mineral products	847	832	507
Sale of power and other utilities	822	908	738
Sale of other products	*	*	*
Recovery of mint manufacturing expense	62	215	93
Total sale of products	2,503	3,108	2,359
Fees and other charges for services and special benefits:			
Medicare premiums and other charges (trust fund)	5,562	5,771	7,294
Revenues for enrichment of uranium	1,411	1,375	....
Nuclear waste disposal revenues	1,795	381	423
Veterans life insurance (trust funds)	421	436	436
Tolls and other revenues, Panama Canal	416	437	444
Other [a]	1,091	1,354	2,555
Total fees and other charges	10,696	9,754	11,152
Sale of Government property:			
Sale of land and other real property [a]	69	139	111

Table 14. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Type	1985 actual	1986 estimate	1987 estimate
Sale of equipment and other personal property:			
Military assistance program sales (trust fund)	9,649	10,800	11,300
Sale of scrap and salvage material	68	84	87
Total sale of property	9,786	11,023	11,498
Realization upon loans and investments:			
Dollar repayments of loans, Agency for International Development	371	394	421
Foreign military credit sales	71	68	70
Dollar conversion of foreign currency	96	111	111
Repayment of loans to United Kingdom	85	87	89
Other	402	151	1,052
Total realization upon loans and investments	1,026	811	1,743
Recoveries and refunds [3]	458	456	1,444
Miscellaneous receipt accounts [3]	824	1,022	1,042
Total proprietary receipts from the public distributed by agency	29,715	30,345	34,291
Undistributed by agency:			
Other interest: Interest received from Outer Continental Shelf escrow account	2	300	
Rents and royalties on the Outer Continental Shelf:			
Rents and bonuses	1,953	1,869	1,645
Royalties	3,589	3,581	3,635
Sale of major physical assets		1,200	1,200
Total proprietary receipts from the public undistributed by agency	5,544	6,950	6,480
Total proprietary receipts from the public [4]	**35,259**	**37,295**	**40,771**
Total offsetting receipts	**185,203**	**191,849**	**194,691**

*$500 thousand or less.

[1] Interchange receipts between the social security and railroad retirement funds place the social security funds in the same position they would have been if there were no separate railroad retirement system.

[2] Includes provision for covered Federal civilian employees and military personnel.

[3] Includes both Federal funds and trust funds.

[4] Consists of:

	1985 actual	*1986 estimate*	*1987 estimate*
Federal funds	18,428	19,072	20,242
Trust funds	16,830	18,223	20,529
Off-budget			

TABLE 15. **LEGISLATIVE PROPOSALS FOR MAJOR NEW AND EXPANDED PROGRAMS IN THE 1987 BUDGET, PROJECTIONS OF COSTS ***

(in millions of dollars)

		Estimates						
		1986	1987	1988	1989	1990	1991	
Funds Appropriated to the President:								
Fair export financing program	BA		300					This proposal, which is part of the President's recent initiative to counter unfair trade practices, would match the heavy export subsidies of some industrialized countries to lead them to negotiate reductions in those subsidies.
	O		16	56	64	40	24	
Multilateral Investment Guarantee Agency (MIGA).	BA		44					This proposal would fully fund U.S. membership in the World Bank's proposed new affiliate that would encourage private investment in developing countries by insuring against noncommercial risks.
	O		22					
Department of Education:								
Teacher training and improvement	BA	43	75	75	75	75	75	This proposal would expand the existing math, science, and foreign language teacher training program to serve teachers in all academic disciplines. Appropriations would be increased to finance this expanded activity.
	O	77	62	69	74	75	75	
Department of State:								
Diplomatic security	BA	707	1,418	930	845	495		Over five years this proposal would improve this security of U.S. buildings and personnel at diplomatic missions abroad and of foreign diplomats in the United States.
	O	87	628	731	1013	1061	532	
Environmental Protection Agency:								
Hazardous substance response trust fund	BA	860	1,050	1,125	1,100	1,125	1,200	This proposal is consistent with the legislative package submitted last year to expand the national efforts to clean up abandoned hazardous waste sites. The proposal would triple the size of the original program. The expanded program would be financed by an extension of the original tax and a new fee on the disposal of hazardous waste.
	O	471	771	992	1,075	1,111	1,149	

*The table is supplied to meet the requirements of section 221 (a) of the Legislative Reorganization Act of 1970 (Public Law 91–510). The economic assumptions used to prepare these estimates are shown in Part 2, "Economic Assumptions and the Budget". These estimates do not reflect the effects of experience gained in operating the programs or reductions in the costs of other programs that might come about if the proposals were adopted. Since the assumptions upon which these estimates are based may change, they do not represent a commitment to specific funding level in future years.

Table 16. CONTROLLABILITY OF OUTLAYS, 1985–87

(In billions of dollars)

	1985 actual	1986 estimate	1987 estimate
Relatively uncontrollable under present law:			
Open-ended programs and fixed costs:			
Payments for individuals:			
Social security and railroad retirement	189.9	200.9	213.1
On-budget	(1.5)	(2.3)	(2.8)
Off-budget	(188.4)	(198.6)	(210.3)
Federal employees' retirement and insurance	49.8	53.0	55.2
Unemployment assistance	16.1	15.0	15.3
Medical care	91.0	96.2	102.5
Assistance to students	4.9	4.5	4.4
Food and nutrition assistance	3.7	3.9	4.2
Public assistance and related programs	22.2	23.3	23.1
All other relatively uncontrollable payments for individuals	2.8	3.0	3.1
Subtotal, payments for individuals	380.5	399.8	420.9
Net interest	129.4	141.5	147.3
On-budget	(133.6)	(145.9)	(152.0)
Off-budget	(−4.1)	(−4.4)	(−4.7)
General revenue sharing	4.6	3.7	....
Farm price supports (CCC)	17.7	20.3	16.3
Other open-ended programs and fixed costs	−5.0	−4.8	−6.2
Total, open-ended programs and fixed costs	527.3	560.5	578.4
Outlays from prior-year contracts and obligations: [1]			
National defense	92.1	103.6	106.7
Civilian programs	70.1	78.1	78.3
Total, outlays from prior-year contracts and obligations	162.2	181.6	185.0
Total, relatively uncontrollable outlays	**689.5**	**742.2**	**763.4**
Relatively controllable outlays:			
National defense	160.5	162.0	175.3
Civilian programs	123.6	104.8	86.9
Administrative expenses of relatively uncontrollable payments for individuals	(7.9)	(8.2)	(8.6)
On-budget	(5.7)	(5.7)	(6.0)
Off-budget	(2.2)	(2.5)	(2.6)
Other	(115.6)	(96.6)	(78.3)
Total, relatively controllable outlays [2]	**284.1**	**266.9**	**262.3**
Undistributed employer share, employee retirement [3]	**−27.2**	**−29.1**	**−31.6**
On-budget	(−24.7)	(−26.3)	(−28.5)
Off-budget	(−2.5)	(−2.8)	(−3.2)
Total outlays	**946.3**	**979.9**	**994.0**

Table 16. CONTROLLABILITY OF OUTLAYS, 1985–87—Continued

(In billions of dollars)

	1985 actual	1986 estimate	1987 estimate
MEMORANDUM—Percent of total outlays			
Relatively uncontrollable under present law:			
Open-ended programs and fixed costs:			
Payments for individuals	40.2	40.8	42.3
Other	15.5	16.4	15.8
Total open-ended programs and fixed costs	55.7	57.2	58.2
Outlays from prior-year contracts and obligations	17.1	18.5	18.6
Total relatively uncontrollable outlays	**72.9**	**75.7**	**76.8**
Relatively controllable outlays	**30.0**	**27.2**	**26.4**
Undistributed employer share, employee retirement [3]	**−2.9**	**−3.0**	**−3.2**
Total outlays	**100.0**	**100.0**	**100.0**

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[1] Excluding prior year contracts and obligations for activities shown as "open-ended programs and fixed costs."

[2] In addition to amounts provided under current law, includes the effect of proposed legislation as follows: for open-ended programs and fixed costs, $1.7 billion in 1986 and −$7.2 billion in 1987 (all of which is for civilian programs); and for other relatively controllable programs, −$2.8 billion in 1986 and −$2.6 billion in 1987 (of which −$0.2 billion in 1987 is for national defense and −$2.8 billion in 1986 and −$2.5 billion in 1987 is for civilian programs).

[3] Includes −$0.9 billion in 1987 from proposed legislation.

Table 17. RECEIPTS BY SOURCE, 1977–87

(In millions of dollars)

Source	Actual									Estimate	
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Individual income taxes	157,626	180,988	217,841	244,069	285,917	297,744	288,938	298,415	334,531	353,738	385,984
Corporation income taxes	54,892	59,952	65,677	64,600	61,137	49,207	37,022	56,893	61,331	70,865	86,729
Social insurance taxes and contributions (trust funds):											
Employment taxes and contributions:											
Old-age and survivors insurance (off-budget)	68,032	73,141	83,410	96,581	117,757	122,840	128,972	150,312	169,822	180,574	195,474
Disability insurance (off-budget)	8,786	12,250	14,584	16,628	12,418	20,626	18,348	15,763	16,348	17,364	18,801
Hospital insurance	13,474	16,668	19,874	23,217	30,340	34,301	35,641	40,262	44,871	50,641	55,737
Railroad retirement	1,908	1,822	2,190	2,323	2,457	2,917	2,805	3,321	3,605	3,535	3,729
Total employment taxes and contributions	92,199	103,881	120,058	138,748	162,973	180,686	185,766	209,658	234,646	252,114	273,741
Unemployment insurance	11,312	13,850	15,387	15,336	15,763	16,600	18,799	25,138	25,758	23,581	23,415
Other retirement contributions:											
Federal employees' retirement—employee contributions	2,915	3,174	3,428	3,660	3,908	4,140	4,351	4,494	4,672	4,653	5,532
Contributions for non-Federal employees	59	62	66	59	76	72	78	86	87	90	116
Total other retirement contributions	2,974	3,237	3,494	3,719	3,984	4,212	4,429	4,580	4,759	4,743	5,648
Total social insurance taxes and contributions	106,485	120,967	138,939	157,803	182,720	201,498	208,994	239,376	265,163	280,438	302,804
Excise taxes:											
Federal funds:											
Alcohol	5,295	5,492	5,531	5,601	5,606	5,382	5,557	5,315	5,562	5,888	5,901
Tobacco	2,393	2,444	2,492	2,443	2,581	2,537	4,136	4,660	4,779	4,594	4,600
Windfall profit tax [1]				6,934	23,252	18,407	12,135	8,906	6,348	4,085	2,761
Other	1,960	2,118	1,785	585	2,689	2,344	2,258	3,398	2,408	2,859	2,971

Total Federal fund excise taxes	9,648	10,054	9,808	15,563	34,128	28,670	24,086	22,279	19,097	17,426	16,233
Trust funds:											
Highway	6,709	6,904	7,189	6,620	6,305	6,744	8,297	11,743	13,015	13,022	13,814
Airport and airway	1,191	1,326	1,526	1,874	21	133	2,165	2,499	2,851	2,954	3,247
Other	......	92	222	272	385	765	753	827	1,027	1,227	1,909
Total trust fund excise taxes	7,900	8,323	8,937	8,766	6,711	7,641	11,214	15,082	16,894	17,202	18,970
Total excise taxes	17,548	18,376	18,745	24,329	40,839	36,311	35,300	37,361	35,992	34,628	35,203
Estate and gift taxes	7,327	5,285	5,411	6,389	6,787	7,991	6,053	6,010	6,422	6,073	5,661
Custom duties	5,150	6,753	7,439	7,174	8,083	8,854	8,655	11,370	12,079	12,404	12,937
Miscellaneous receipts:											
Deposit of earnings by Federal Reserve System	5,908	6,641	8,327	11,767	12,834	15,186	14,492	15,684	17,059	16,532	16,560
Other miscellaneous receipts	623	778	925	981	956	975	1,108	1,347	1,480	2,461	4,494
Total miscellaneous receipts [2]	6,531	7,420	9,252	12,748	13,790	16,161	15,601	17,031	18,539	18,993	21,054
Total receipts	**355,559**	**399,561**	**463,302**	**517,112**	**599,272**	**617,766**	**600,562**	**666,457**	**734,057**	**777,139**	**850,372**
On-budget	(278,741)	(314,169)	(365,309)	(403,903)	(489,097)	(474,299)	(453,242)	(500,382)	(547,886)	(579,201)	(636,097)
Off-budget	(76,817)	(85,391)	(97,994)	(113,209)	(130,176)	(143,467)	(147,320)	(166,075)	(186,171)	(197,938)	(214,275)
MEMORANDUM											
On-budget:											
Federal funds	241,312	270,490	316,366	350,856	410,422	409,253	382,432	420,370	459,488	485,155	533,293
Trust funds	70,341	76,873	85,983	94,679	106,037	122,111	147,290	157,521	197,749	207,196	216,689
Interfund transactions	−32,912	−33,194	−37,041	−41,632	−47,362	−57,065	−76,480	−77,509	−109,532	−113,199	−113,884
Total on-budget	278,741	314,169	365,309	403,903	469,097	474,299	453,242	500,382	547,886	579,201	636,097
Off-budget (trust funds)	76,817	85,391	97,994	113,209	130,176	143,467	147,320	166,075	186,171	197,938	214,275
Total	355,559	399,561	463,302	517,112	599,272	617,766	600,562	666,457	734,057	777,139	850,372

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[1] Net of refunds.
[2] Includes both Federal and trust funds.

Table 18. **OUTLAYS BY FUNCTION AND SUBFUNCTION, 1977–87**

(In millions of dollars)

Function	Actual									Estimate	
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
050 NATIONAL DEFENSE:											
051 Department of Defense—Military:											
Military personnel	33,672	35,553	37,345	40,897	47,941	55,170	60,886	64,158	67,842	71,438	73,610
Operation and maintenance	30,587	33,578	36,424	44,770	51,864	59,674	64,915	67,369	72,348	74,137	80,872
Procurement	18,178	19,976	25,404	29,021	35,191	43,271	53,624	61,879	70,381	75,702	76,708
Research, development, test, and evaluation	9,795	10,508	11,152	13,127	15,278	17,729	20,554	23,117	27,103	28,702	31,618
Military construction	1,914	1,932	2,080	2,450	2,458	2,922	3,524	3,706	4,260	4,545	4,592
Family housing	1,358	1,405	1,468	1,680	1,721	1,993	2,126	2,413	2,648	2,446	2,491
Other [1]	−206	−602	−201	−969	−614	−18	−1,198	−1,801	794	1,455	4,374
051 Subtotal, Department of Defense—Military	95,298	102,348	113,672	130,976	153,838	180,741	204,430	220,840	245,371	258,425	274,265
053 Atomic energy defense activities	1,936	2,070	2,541	2,878	3,398	4,309	5,171	6,120	7,098	7,152	7,708
054 Defense-related activities	7	76	129	142	277	259	301	453	279	250	265
TOTAL, 050 NATIONAL DEFENSE	**97,241**	**104,495**	**116,342**	**133,995**	**157,513**	**185,309**	**209,903**	**227,413**	**252,748**	**265,827**	**282,238**
150 INTERNATIONAL AFFAIRS:											
151 International development and humanitarian assistance	2,823	2,647	2,910	3,626	4,131	3,772	3,955	4,478	5,409	4,902	4,978
152 International security assistance	3,075	3,926	3,655	4,763	5,095	5,416	6,613	7,924	9,391	9,695	10,939
153 Conduct of foreign affairs	982	1,128	1,310	1,366	1,346	1,630	1,766	1,882	2,054	2,364	3,055
154 Foreign information and exchange activities	386	423	465	534	525	571	602	682	793	931	1,043
155 International financial programs	−913	−642	−881	2,425	2,007	911	−1,089	910	−1,471	−751	−1,395
TOTAL, 150 INTERNATIONAL AFFAIRS	**6,353**	**7,482**	**7,459**	**12,714**	**13,104**	**12,300**	**11,848**	**15,876**	**16,176**	**17,141**	**18,619**

250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY:											
251 General science and basic research	1,078	1,160	1,298	1,381	1,477	1,607	1,644	1,849	2,019	2,167	2,362
253 Space flight	2,252	2,260	2,217	2,594	3,053	3,543	4,053	4,028	3,989	3,809	3,761
254 Space science, applications, and technology	1,006	972	1,153	1,346	1,384	1,457	1,486	1,687	1,858	2,088	2,161
255 Supporting space activities	400	534	567	512	555	593	751	754	761	835	904
TOTAL, 250 GENERAL SCIENCE, SPACE, AND TECHNOLOGY	**4,736**	**4,926**	**5,235**	**5,832**	**6,469**	**7,200**	**7,935**	**8,317**	**8,627**	**8,899**	**9,188**
270 ENERGY:											
271 Energy supply	4,841	6,075	7,165	8,367	10,202	8,263	6,143	3,252	2,615	2,745	2,858
272 Energy conservation	143	221	252	569	730	516	477	527	491	470	265
274 Emergency energy preparedness	123	897	1,021	342	3,280	3,877	1,855	2,518	1,838	516	240
276 Energy information, policy, and regulation	664	798	742	878	955	871	878	790	740	702	654
TOTAL, 270 ENERGY	**5,770**	**7,992**	**9,180**	**10,156**	**15,166**	**13,527**	**9,353**	**7,086**	**5,685**	**4,433**	**4,017**
300 NATURAL RESOURCES AND ENVIRONMENT:											
301 Water resources	3,213	3,431	3,853	4,223	4,132	3,948	3,904	4,070	4,122	3,977	3,847
302 Conservation and land management	589	1,029	821	1,043	1,191	1,084	1,503	1,302	1,481	1,051	600
303 Recreational resources	985	1,408	1,487	1,677	1,597	1,435	1,454	1,581	1,621	1,547	1,365
304 Pollution control and abatement	4,279	3,965	4,707	5,510	5,170	5,012	4,263	4,044	4,465	4,588	4,466
306 Other natural resources	966	1,151	1,266	1,405	1,478	1,519	1,548	1,595	1,668	1,742	1,680
TOTAL, 300 NATURAL RESOURCES AND ENVIRONMENT	**10,032**	**10,983**	**12,135**	**13,858**	**13,568**	**12,998**	**12,672**	**12,593**	**13,357**	**12,905**	**11,958**
350 AGRICULTURE:											
351 Farm income stabilization	5,735	10,228	9,895	7,441	9,783	14,344	21,323	11,877	23,751	24,017	17,938
352 Agricultural research and services	1,052	1,129	1,340	1,398	1,540	1,599	1,578	1,736	1,813	1,854	1,603
TOTAL, 350 AGRICULTURE	**6,787**	**11,357**	**11,236**	**8,839**	**11,323**	**15,944**	**22,901**	**13,613**	**25,565**	**25,871**	**19,541**

Table 18. **OUTLAYS BY FUNCTION AND SUBFUNCTION, 1977–87—Continued**

(In millions of dollars)

Function	Actual									Estimate	
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
370 COMMERCE AND HOUSING CREDIT:											
371 Mortgage credit and deposit insurance	−175	3,570	2,253	5,602	4,696	4,016	3,880	3,766	871	179	−3,067
372 Postal Service	2,094	1,282	896	1,246	1,432	154	1,111	1,239	1,351	1,345	2,683
376 Other advancement of commerce	1,174	1,402	1,537	2,542	2,078	2,085	1,690	1,913	2,007	2,279	1,743
TOTAL, 370 COMMERCE AND HOUSING CREDIT	**3,093**	**6,254**	**4,686**	**9,390**	**8,206**	**6,256**	**6,681**	**6,917**	**4,229**	**3,802**	**1,359**
400 TRANSPORTATION:											
401 Ground transportation	10,226	10,431	12,115	15,274	17,074	14,321	14,265	16,158	17,606	18,615	17,251
402 Air transportation	2,786	3,243	3,355	3,723	3,814	3,526	4,000	4,415	4,895	4,954	5,184
403 Water transportation	1,741	1,787	1,969	2,229	2,381	2,687	2,969	3,010	3,201	3,397	2,905
407 Other transportation	76	61	93	104	110	90	99	85	137	140	163
TOTAL, 400 TRANSPORTATION	**14,829**	**15,521**	**17,532**	**21,329**	**23,379**	**20,625**	**21,334**	**23,669**	**25,838**	**27,106**	**25,503**
450 COMMUNITY AND REGIONAL DEVELOPMENT:											
451 Community development	3,411	3,298	4,000	4,907	5,070	4,608	4,353	4,520	4,598	4,602	3,918
452 Area and regional development	2,961	5,672	4,868	4,303	3,818	3,841	3,208	3,034	3,117	2,956	2,768
453 Disaster relief and insurance	649	2,871	1,611	2,043	1,680	−102	−1	119	−35	364	−161
TOTAL, 450 COMMUNITY AND REGIONAL DEVELOPMENT	**7,021**	**11,841**	**10,480**	**11,252**	**10,568**	**8,347**	**7,560**	**7,673**	**7,680**	**7,922**	**6,525**
500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES:											
501 Elementary, secondary, and vocational education	4,638	5,186	6,123	6,908	7,157	6,780	6,294	6,520	7,633	7,350	7,361
502 Higher education	3,209	3,721	5,058	6,726	8,866	7,206	7,231	7,383	8,211	8,955	6,792
503 Research and general education aids	885	1,022	1,131	1,197	997	1,041	1,055	1,210	1,121	1,245	1,219

504 Training and employment	6,877	10,784	10,833	10,345	9,241	5,464	5,295	4,644	4,972	5,221	4,467
505 Other labor services	374	410	488	551	587	589	599	639	678	694	714
506 Social services	5,122	5,588	6,592	6,116	6,861	5,950	6,133	7,185	6,728	7,206	6,896
TOTAL, 500 EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES	**21,104**	**26,710**	**30,223**	**31,843**	**33,709**	**27,029**	**26,606**	**27,579**	**29,342**	**30,671**	**27,447**
550 HEALTH:											
551 Health care services	13,031	13,928	15,988	18,003	21,205	21,786	23,008	24,522	26,984	28,565	28,354
552 Health research	2,543	2,822	3,023	3,442	3,836	3,948	3,973	4,379	4,908	5,487	5,435
553 Education and training of health care work force	981	930	583	719	779	670	578	388	468	455	360
554 Consumer and occupational health and safety	747	844	899	1,006	1,047	1,041	1,081	1,129	1,182	1,162	848
TOTAL, 550 HEALTH	**17,302**	**18,524**	**20,494**	**23,169**	**26,866**	**27,445**	**28,641**	**30,417**	**33,542**	**35,669**	**34,997**
570 MEDICARE	**19,345**	**22,768**	**26,495**	**32,090**	**39,149**	**46,567**	**52,588**	**57,540**	**65,822**	**68,661**	**70,234**
600 INCOME SECURITY:											
601 General retirement and disability insurance (excluding social security)	3,558	3,365	4,373	5,083	5,439	5,571	5,581	5,441	5,617	5,344	5,442
602 Federal employee retirement and disability	17,719	19,836	22,658	26,594	31,277	34,325	36,507	38,054	38,591	41,412	42,444
603 Unemployment compensation	15,255	11,767	10,741	18,023	19,656	23,728	31,464	18,421	17,475	16,482	16,885
604 Housing assistance	2,968	3,677	4,367	5,632	7,752	8,738	9,998	11,270	25,263	12,358	12,230
605 Food and nutrition assistance	8,527	8,926	10,787	14,016	16,205	15,581	17,952	18,055	18,540	18,732	18,094
609 Other income security	13,017	13,917	13,433	17,191	19,394	19,774	21,096	21,427	22,715	23,765	23,280
TOTAL, 600 INCOME SECURITY	**61,044**	**61,488**	**66,359**	**86,540**	**99,723**	**107,717**	**122,598**	**112,668**	**128,200**	**118,093**	**118,374**
650 SOCIAL SECURITY	**85,061**	**93,861**	**104,073**	**118,547**	**139,584**	**155,964**	**170,724**	**178,223**	**188,623**	**200,053**	**212,213**
On-budget	(717)	(741)	(757)	(675)	(670)	(844)	(19,993)	(7,056)	(5,189)	(8,050)	(5,702)
Off-budget	(84,344)	(93,120)	(103,316)	117,872)	(138,914)	(155,120)	(150,731)	(171,167)	(183,434)	(192,004)	(206,510)
700 VETERANS BENEFITS AND SERVICES:											
701 Income security for veterans	9,216	9,745	10,780	11,688	12,909	13,710	14,250	14,400	14,714	15,110	15,366

Table 18. OUTLAYS BY FUNCTION AND SUBFUNCTION, 1977–87—Continued

(In millions of dollars)

Function	Actual									Estimate	
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
702 Veterans education, training and rehabilitation	3,710	3,365	2,760	2,342	2,254	1,947	1,625	1,359	1,120	633	553
703 Hospital and medical care for veterans	4,708	5,254	5,611	6,515	6,965	7,517	8,272	8,861	9,547	9,872	9,720
704 Veterans housing	−145	28	154	−23	201	102	3	244	214	219	−50
705 Other veterans benefits and services	549	585	627	665	662	682	696	751	758	785	831
TOTAL, 700 VETERANS BENEFITS AND SERVICES	**18,038**	**18,978**	**19,931**	**21,185**	**22,991**	**23,958**	**24,846**	**25,614**	**26,352**	**26,619**	**26,420**
750 ADMINISTRATION OF JUSTICE:											
751 Federal law enforcement activities	1,673	1,831	1,992	2,237	2,437	2,529	2,887	3,205	3,526	3,721	3,857
752 Federal litigative and judicial activities	842	943	1,130	1,347	1,491	1,517	1,627	1,825	2,064	2,208	2,199
753 Federal correctional activities	240	307	337	342	361	364	418	494	537	646	681
754 Criminal justice assistance	847	729	710	656	473	294	167	136	150	213	211
TOTAL, 750 ADMINISTRATION OF JUSTICE	**3,602**	**3,810**	**4,169**	**4,582**	**4,762**	**4,703**	**5,099**	**5,660**	**6,277**	**6,788**	**6,948**
800 GENERAL GOVERNMENT:											
801 Legislative functions	849	909	921	1,038	1,041	1,181	1,196	1,319	1,355	1,522	1,633
802 Executive direction and management	76	73	81	97	100	96	96	97	113	113	116
803 Central fiscal operations	1,875	2,001	2,174	2,614	2,616	2,593	3,053	3,254	3,485	3,819	3,831
804 General property and records management	175	304	299	327	144	238	196	201	96	384	251
805 Central personnel management	100	129	127	154	159	136	115	139	164	127	140
806 Other general government	448	448	523	569	745	504	768	557	521	816	645
809 Deductions for offsetting receipts	−256	−289	−198	−351	−222	−216	−636	−513	−506	−510	−555
TOTAL, 800 GENERAL GOVERNMENT	**3,267**	**3,576**	**3,928**	**4,448**	**4,582**	**4,532**	**4,789**	**5,053**	**5,228**	**6,270**	**6,060**

850 GENERAL PURPOSE FISCAL ASSISTANCE:											
851 General revenue sharing	6,762	6,830	6,854	6,835	5,140	4,575	4,620	4,573	4,591	4,440	5
852 Other general purpose fiscal assistance	2,807	1,612	1,515	1,747	1,713	1,816	1,831	2,195	1,762	1,795	1,733
TOTAL, 850 GENERAL PURPOSE FISCAL ASSISTANCE	**9,569**	**8,442**	**8,369**	**8,582**	**6,854**	**6,390**	**6,452**	**6,768**	**6,353**	**6,236**	**1,739**
900 NET INTEREST:											
901 Interest on the public debt	41,900	48,695	59,837	74,781	95,503	117,190	128,619	153,822	179,063	196,095	206,855
902 Interest received by on-budget trust funds	−5,488	−6,128	−7,727	−9,707	−11,523	−13,995	−15,257	−17,044	−22,071	−26,654	−29,631
903 Interest received by off-budget trust funds	−2,650	−2,403	−2,224	−2,339	−2,288	−2,071	−1,845	−3,310	−4,118	−4,418	−4,716
908 Other interest	−3,875	−4,724	−7,271	−10,224	−12,958	−16,130	−21,743	−22,410	−23,438	−22,283	−24,511
TOTAL, 900 NET INTEREST	**29,886**	**35,441**	**42,615**	**52,512**	**68,734**	**84,995**	**89,774**	**111,058**	**129,436**	**142,740**	**147,996**
On-budget	(32,536)	(37,843)	(44,839)	(54,851)	(71,022)	(87,065)	(91,619)	(114,368)	(133,554)	(147,158)	(152,713)
Off-budget	(−2,650)	(−2,403)	(−2,224)	(−2,339)	(−2,288)	(−2,071)	(−1,845)	(−3,310)	(−4,118)	(−4,418)	(−4,716
920 ALLOWANCES:											
921 Civilian agency pay raises [2]											423
928 Contingencies for:											
Relatively uncontrollable programs											331
Other requirements											
TOTAL, 920 ALLOWANCES											**754**
950 UNDISTRIBUTED OFFSETTING RECEIPTS:											
951 Employer share, employee retirement (on-budget)	−11,528	−12,401	−13,095	−14,638	−16,473	−18,203	−21,706	−23,219	−24,708	−26,283	−28,471
952 Employer share, employee retirement (off-budget)	−977	−1,060	−1,114	−1,204	−1,430	−1,646	−1,778	−2,044	−2,509	−2,843	−3,177
953 Rents and royalties on the Outer Continental Shelf	−2,374	−2,259	−3,267	−4,101	−10,138	−6,250	−10,491	−6,694	−5,542	−5,450	−5,280
954 Sale of major physical assets										−1,200	−1,200

Table 18. **OUTLAYS BY FUNCTION AND SUBFUNCTION, 1977–87—Continued**

(In millions of dollars)

Function	Actual									Estimate	
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
TOTAL, 950 UNDISTRIBUTED OFFSETTING RECEIPTS	**−14,879**	**−15,720**	**−17,476**	**−19,942**	**−28,041**	**−26,099**	**−33,976**	**−31,957**	**−32,759**	**−35,776**	**−38,182**
On-budget	(−13,902)	(−14,660)	(−16,362)	(−18,738)	(−26,611)	(−24,453)	(−32,198)	(−29,913)	(−30,250)	(−32,933)	(−34,951)
Off-budget	(−977)	(−1,060)	(−1,114)	(−1,204)	(−1,430)	(−1,646)	(−1,778)	(−2,044)	(−2,509)	(−2,843)	(−3,177)
TOTAL OUTLAYS	**409,203**	**458,729**	**503,464**	**590,920**	**678,209**	**745,706**	**808,327**	**851,781**	**946,323**	**979,928**	**994,002**
(On-budget)	(328,487)	(369,072)	(403,486)	(476,591)	(543,013)	(594,302)	(661,219)	(841,815)	(769,515)	(795,185)	(795,386)
(Off-budget)	(80,716)	(89,657)	(99,978)	(114,329)	(135,196)	(151,404)	(147,108)	(9,966)	(176,807)	(184,743)	(198,617)
MEMORANDUM											
On-budget:											
Federal Funds	304,459	342,355	374,867	433,468	496,182	543,437	613,277	636,324	726,137	750,949	751,789
Trust Funds	56,940	59,910	65,660	84,756	94,193	107,930	124,421	124,877	152,730	157,386	157,481
Interfund transactions	−32,912	−33,194	−37,041	−41,632	−47,362	−57,065	−76,480	−77,509	−109,352	−113,149	−113,884
Total on-budget	328,487	369,072	403,486	476,591	543,013	594,302	661,219	685,968	769,515	795,185	795,386
Off-budget (trust funds)	80,716	89,657	99,978	114,329	135,196	151,404	147,108	165,813	176,807	184,743	198,617
Total	409,203	458,729	503,464	590,920	678,209	745,706	808,327	851,781	946,323	979,928	994,002

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*$500 thousand or less.

[1] Includes allowances for civilian and military pay raises for Department of Defense.

[2] Includes allowance for military pay raise for the Coast Guard.

Table 19. FEDERAL FINANCES AND THE GROSS NATIONAL PRODUCT, 1968–89

(Dollar amounts in billions)

Fiscal year	Gross national product	Receipts						Outlays					
		Total		On-budget		Off-budget [1]		Total		On-budget		Off-budget [1]	
		Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP
1968	852.4	153.0	17.9	128.1	15.0	24.9	2.9	178.1	20.9	155.8	18.3	22.3	2.6
1969	929.5	186.9	20.1	157.9	17.0	29.0	3.1	183.6	19.8	158.4	17.0	25.2	2.7
1970	990.5	192.8	19.5	159.3	16.1	33.5	3.4	195.6	19.8	168.0	17.0	27.6	2.8
1971	1,057.1	187.1	17.7	151.3	14.3	35.8	3.4	210.2	19.9	177.3	16.8	32.8	3.1
1972	1,151.2	207.3	18.0	167.4	14.5	39.9	3.5	230.7	20.0	193.8	16.8	36.9	3.2
1973	1,285.5	230.8	18.0	184.7	14.4	46.1	3.6	245.7	19.1	200.1	15.6	45.6	3.5
1974	1,417.0	263.2	18.6	209.3	14.8	53.9	3.8	269.4	19.0	217.3	15.3	52.1	3.7
1975	1,523.5	279.1	18.3	216.6	14.2	62.5	4.1	332.3	21.8	271.9	17.8	60.4	4.0
1976	1,699.6	298.1	17.5	231.7	13.6	66.4	3.9	371.8	21.9	302.2	17.8	69.6	4.1
1977	1,935.8	355.6	18.4	278.7	14.4	76.8	4.0	409.2	21.1	328.5	17.0	80.7	4.2
1978	2,173.4	399.6	18.4	314.2	14.5	85.4	3.9	458.7	21.1	369.1	17.0	89.7	4.1
1979	2,452.2	463.3	18.9	365.3	14.9	98.0	4.0	503.5	20.5	403.5	16.5	100.0	4.1
1980	2,667.6	517.1	19.4	403.9	15.1	113.2	4.2	590.9	22.2	476.6	17.9	114.3	4.3
1981	2,986.2	599.3	20.1	469.1	15.7	130.2	4.4	678.2	22.7	543.0	18.2	135.2	4.5
1982	3,141.5	617.8	19.7	474.3	15.1	143.5	4.6	745.7	23.7	594.3	18.9	151.4	4.8
1983	3,320.9	600.6	18.1	453.2	13.6	147.3	4.4	808.3	24.3	661.2	19.9	147.1	4.4
1984	3,695.3	666.5	18.0	500.4	13.5	166.1	4.5	851.8	23.1	686.0	18.6	165.8	4.5
1985	3,936.8	734.1	18.6	547.9	13.9	186.2	4.7	946.3	24.0	769.5	19.5	176.8	4.5
1986 estimate	4,192.2	777.1	18.5	579.2	13.8	197.9	4.7	979.9	23.4	795.2	19.0	184.7	4.4
1987 estimate	4,538.1	850.4	18.7	636.1	14.0	214.3	4.7	994.0	21.9	795.4	17.5	198.6	4.4
1988 estimate	4,902.9	933.2	19.0	690.4	14.1	242.8	5.0	1,026.8	20.9	817.1	16.7	209.6	4.3
1989 estimate	5,268.9	996.1	18.9	732.5	13.9	263.7	5.0	1,063.6	20.2	843.8	16.0	219.9	4.2

*0.05% or less. [1] Social Security trust funds. Note: Excludes the transition quarter.

Table 19. FEDERAL FINANCES AND THE GROSS NATIONAL PRODUCT, 1968–89—Continued

(Dollar amounts in billions)

Fiscal year	Gross national product	Surplus or deficit (−)						Federal debt, end of year					
		Total		On-budget		Off-budget [1]		Gross		Held by Government accounts		Held by the public	
		Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP
1968	852.4	−25.2	−3.0	−27.7	−3.3	2.6	0.3	369.8	43.4	79.1	9.3	290.6	34.1
1969	929.5	3.2	0.3	−0.5	−0.1	3.7	0.4	367.1	39.5	87.7	9.4	279.5	30.1
1970	990.5	−2.8	−0.3	−8.7	−0.9	5.9	0.6	382.6	38.6	97.7	9.9	284.9	28.8
1971	1,057.1	−23.0	−2.2	−26.1	−2.5	3.0	0.3	409.5	38.7	105.1	9.9	304.3	28.8
1972	1,151.2	−23.4	−2.0	−26.4	−2.3	3.0	0.3	437.3	38.0	113.6	9.9	323.8	28.1
1973	1,285.5	−14.9	−1.2	−15.4	−1.2	0.5	*	468.4	36.4	125.4	9.8	343.0	26.7
1974	1,417.0	−6.1	−0.4	−8.0	−0.6	1.8	0.1	486.2	34.3	140.2	9.9	346.1	24.4
1975	1,523.5	−53.2	−3.5	−55.3	−3.6	2.0	0.1	544.1	35.7	147.2	9.7	396.9	26.1
1976	1,699.6	−73.7	−4.3	−70.5	−4.1	−3.2	−0.2	631.9	37.2	151.6	8.9	480.3	28.3
1977	1,935.8	−53.6	−2.8	−49.7	−2.6	−3.9	−0.2	709.1	36.6	157.3	8.1	551.8	28.5
1978	2,173.4	−59.2	−2.7	−54.9	−2.5	−4.3	−0.2	780.4	35.9	169.5	7.8	610.9	28.1
1979	2,452.2	−40.2	−1.6	−38.2	−1.6	−2.0	−0.1	833.8	34.0	189.2	7.7	644.6	26.3
1980	2,667.6	−73.8	−2.8	−72.7	−2.7	−1.1	*	914.3	34.3	199.2	7.5	715.1	26.8
1981	2,986.2	−78.9	−2.6	−73.9	−2.5	−5.0	−0.2	1,003.9	33.6	209.5	7.0	794.4	26.6
1982	3,141.5	−127.9	−4.1	−120.0	−3.8	−7.9	−0.3	1,147.0	36.5	217.6	6.9	929.4	29.6
1983	3,320.9	−207.8	−6.3	−208.0	−6.3	0.2	*	1,381.9	41.6	240.1	7.2	1,141.8	34.4
1984	3,695.3	−185.3	−5.0	−185.6	−5.0	0.3	*	1,576.7	42.7	264.2	7.1	1,312.6	35.5
1985	3,936.8	−212.3	−5.4	−221.6	−5.6	9.4	0.2	1,827.5	46.4	317.6	8.1	1,509.9	38.4
1986 estimate	4,192.2	−202.8	−4.8	−216.0	−5.2	13.2	0.3	2,112.0	50.4	398.0	9.5	1,714.0	40.9
1987 estimate	4,538.1	−143.6	−3.2	−159.3	−3.5	15.7	0.3	2,320.6	51.1	464.9	10.2	1,855.7	40.9
1988 estimate	4,902.9	−93.6	−1.9	−126.8	−2.6	33.2	0.7	2,509.0	51.2	560.3	11.4	1,948.7	39.7
1989 estimate	5,268.9	−67.5	−1.3	−111.3	−2.1	43.8	0.8	2,684.3	50.9	668.9	12.7	2,015.4	38.3

*0.05% or less.

[1] Social Security trust funds.

Note: Excludes transition quarter.

Table 20. COMPOSITION OF OUTLAYS IN CURRENT PRICES: 1967–89

(In billions of dollars)

Fiscal year	Outlays								Memorandum	
	Total	National defense	Nondefense						On-budget	Off-budget [2]
			Total nondefense	Payments for individuals	All other grants [1]	Net interest	Other	Undistributed offsetting receipts		
1967	157.5	71.4	86.0	43.2	10.4	10.3	29.5	−7.3	137.0	20.4
1968	178.1	81.9	96.2	49.8	12.5	11.1	30.9	−8.0	155.8	22.3
1969	183.6	82.5	101.1	57.1	13.0	12.7	26.3	−8.0	158.4	25.2
1970	195.6	81.7	114.0	64.7	15.4	14.4	28.1	−8.6	168.0	27.6
1971	210.2	78.9	131.3	80.4	17.7	14.8	28.5	−10.1	177.3	32.8
1972	230.7	79.2	151.5	92.9	20.6	15.5	32.2	−9.6	193.8	36.9
1973	245.7	76.7	169.0	104.5	28.1	17.3	32.5	−13.4	200.1	45.6
1974	269.4	79.3	190.0	120.1	28.7	21.4	36.5	−16.7	217.3	52.1
1975	332.3	86.5	245.8	153.5	33.3	23.2	49.4	−13.6	271.9	60.4
1976	371.8	89.6	282.2	180.1	39.4	26.7	50.4	−14.4	302.2	69.6
TQ	96.0	22.3	73.7	45.4	10.9	6.9	14.7	−4.2	76.6	19.4
1977	409.2	97.2	312.0	196.3	46.1	29.9	54.5	−14.9	328.5	80.7
1978	458.7	104.5	354.2	211.0	53.7	35.4	69.9	−15.7	369.1	89.7
1979	503.5	116.3	387.1	232.9	55.9	42.6	73.2	−17.5	403.5	100.0
1980	590.9	134.0	456.9	277.5	59.4	52.5	87.4	−19.9	476.6	114.3
1981	678.2	157.5	520.7	323.4	57.8	68.7	98.8	−28.0	543.0	135.2
1982	745.7	185.3	560.4	356.7	50.3	85.0	94.5	−26.1	594.3	151.4
1983	808.3	209.9	598.4	395.3	50.8	89.8	96.5	−34.0	661.2	147.1
1984	851.8	227.4	624.4	399.8	53.2	111.1	92.3	−32.0	686.0	165.8
1985	946.3	252.7	693.6	425.6	57.6	129.4	113.7	−32.8	769.5	176.8
1986 estimate	979.9	265.8	714.1	445.9	58.2	142.7	103.0	−35.8	795.2	184.7
1987 estimate	994.0	282.2	711.8	458.8	50.5	148.0	92.5	−38.1	795.4	198.6
1988 estimate	1,026.8	299.1	727.6	485.9	48.3	145.1	94.7	−46.4	817.1	209.6
1989 estimate	1,063.6	322.3	741.3	513.6	46.5	136.0	89.0	−43.8	843.8	219.9

[1] Grants to State and local governments excluding those for payments for individuals.

[2] Social security trust funds.

Table 21. COMPOSITION OF OUTLAYS IN CONSTANT (FISCAL YEAR 1982) PRICES: 1967–89

(In billions of dollars)

Fiscal year	Outlays								Memorandum	
	Total	National defense	Nondefense						On-budget	Off-budget [2]
			Total nondefense	Payments for individuals	All other grants [1]	Net interest	Other	Undistributed offsetting receipts		
1967	488.7	235.1	253.7	114.6	33.3	28.6	103.1	−26.2	434.6	54.1
1968	525.8	254.8	270.9	128.0	37.9	29.8	102.2	−27.2	468.3	57.4
1969	510.4	243.4	267.0	140.6	37.1	32.4	82.4	−25.5	448.7	61.7
1970	509.4	225.6	283.8	152.2	40.8	34.7	81.4	−25.4	444.7	64.6
1971	509.4	202.7	306.7	181.0	43.3	34.0	75.8	−27.3	435.7	73.6
1972	527.6	190.9	336.7	200.1	47.4	33.6	79.7	−24.1	448.4	79.2
1973	527.5	175.1	352.4	215.7	60.5	35.9	69.8	−28.1	433.4	94.1
1974	528.7	163.3	365.3	228.3	56.8	41.1	71.9	−32.8	429.7	99.0
1975	586.0	159.8	426.2	265.8	58.5	40.4	84.9	−23.4	481.4	104.6
1976	609.8	153.6	456.2	291.7	64.3	43.0	80.1	−22.9	497.0	112.8
TQ	152.4	37.1	115.3	71.2	17.3	10.8	22.5	−6.4	121.9	30.5
1977	622.6	154.3	468.3	295.5	70.1	44.6	79.9	−21.7	501.0	121.5
1978	652.2	155.0	497.1	296.8	75.7	49.4	97.0	−21.7	526.0	126.2
1979	660.2	159.1	501.0	301.6	71.8	54.7	95.9	−22.9	530.7	129.5
1980	699.1	164.0	535.1	324.7	68.4	62.0	103.8	−23.8	565.4	133.7
1981	726.5	171.4	555.2	344.3	61.3	73.7	106.0	−30.1	582.7	143.9
1982	745.7	185.3	560.4	356.7	50.3	85.0	94.5	−26.1	594.3	151.4
1983	776.5	200.8	575.7	379.3	48.8	86.1	95.0	−33.4	635.8	140.7
1984	788.8	210.4	578.4	368.7	49.1	102.5	88.6	−30.6	636.1	152.8
1985	846.1	226.7	619.4	379.6	50.5	115.3	103.7	−29.6	688.5	157.6
1986 estimate	850.0	232.0	617.9	384.9	49.3	123.1	92.5	−31.8	690.7	159.2
1987 estimate	829.4	237.6	591.9	380.6	41.1	122.6	80.5	−33.0	664.9	164.5
1988 estimate	824.7	242.5	582.2	388.2	37.6	115.7	79.7	−38.9	657.6	167.1
1989 estimate	829.9	256.2	573.7	396.7	34.9	104.9	72.6	−35.5	660.5	169.5

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[1] Grants to State and local governments excluding those for payments for individuals.

[2] Social security trust funds.

Table 22. TOTAL RECEIPTS AND OUTLAYS, 1789–1991 (in millions of dollars)

Fiscal year	Receipts	Outlays	Surplus or deficit (−)
1789–1849	1,160	1,090	+70
1850–1900	14,462	15,453	−991
1901	588	525	+63
1902	562	485	+77
1903	562	517	+45
1904	541	584	−43
1905	544	567	−23
1906	595	570	+25
1907	666	579	+87
1908	602	659	−57
1909	604	694	−89
1910	676	694	−18
1911	702	691	+11
1912	693	690	+3
1913	714	715	−*
1914	725	726	−*
1915	683	746	−63
1916	761	713	+48
1917	1,101	1,954	−853
1918	3,645	12,677	−9,032
1919	5,130	18,493	−13,363
1920	6,649	6,358	+291
1921	5,571	5,062	+509
1922	4,026	3,289	+736
1923	3,853	3,140	+713
1924	3,871	2,908	+963
1925	3,641	2,924	+717
1926	3,795	2,930	+865
1927	4,013	2,857	+1,155
1928	3,900	2,961	+939
1929	3,862	3,127	+734
1930	4,058	3,320	+738
1931	3,116	3,577	−462
1932	1,924	4,659	−2,735
1933	1,997	4,598	−2,602
1934	2,955	6,541	−3,586
1935	3,609	6,412	−2,803
1936	3,923	8,228	−4,304
1937	5,387	7,580	−2,193
1938	6,751	6,840	−89
1939	6,295	9,141	−2,846
1940	6,548	9,468	−2,920
1941	8,712	13,653	−4,941
1942	14,634	35,137	−20,503
1943	24,001	78,555	−54,554
1944	43,747	91,304	−47,557
1945	45,159	92,712	−47,553
1946	39,296	55,232	−15,936
1947	38,514	34,496	+4,018
1948	41,560	29,764	+11,796
1949	39,415	38,835	+580
1950	39,443	42,562	−3,119
1951	51,616	45,514	+6,102
1952	66,167	67,686	−1,519
1953	69,608	76,101	−6,493
1954	69,701	70,855	−1,154
1955	65,451	68,444	−2,993
1956	74,587	70,640	+3,947
1957	79,990	76,578	+3,412
1958	79,636	82,405	−2,769
1959	79,249	92,098	−12,849
1960	92,492	92,191	+301
1961	94,388	97,723	−3,335
1962	99,676	106,821	−7,146
1963	106,560	111,316	−4,756
1964	112,613	118,528	−5,915
1965	116,817	118,228	−1,411
1966	130,835	134,532	−3,698
1967	148,822	157,464	−8,643
1968	152,973	178,134	−25,161
1969	186,882	183,640	+3,242
1970	192,807	195,649	−2,842
1971	187,139	210,172	−23,033
1972	207,309	230,681	−23,373
1973	230,799	245,707	−14,908
1974	263,224	269,359	−6,135
1975	279,090	332,332	−53,242
1976	298,060	371,779	−73,719
TQ	81,232	95,973	−14,741
1977	355,559	409,203	−53,644
1978	399,561	458,729	−59,168
1979	463,302	503,464	−40,162
1980	517,112	590,920	−73,808
1981	599,272	678,209	−78,936
1982	617,766	745,706	−127,940
1983	600,562	808,327	−207,764
1984	666,457	851,781	−185,324
1985	734,057	946,323	−212,266
1986 est	777,139	979,928	−202,789
1987 est	850,372	994,002	−143,630
1988 est	933,179	1,026,765	−93,585
1989 est	996,115	1,063,619	−67,504
1990 est	1,058,096	1,093,848	−35,752
1991 est	1,124,039	1,122,716	+1,323

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*$500 thousand or less.

Data for 1789–1933 are for the administrative budget; data for 1934 and all following years are for the unified budget.

Beginning in 1937, includes amounts for Social Security trust funds that are off-budget. See table 23 for details.

Table 23. ON-BUDGET AND OFF-BUDGET RECEIPTS AND OUTLAYS, 1937–1991

(In millions of dollars)

Fiscal year	On-budget			Fiscal year	Off-budget		
	Receipts	Outlays	Surplus or deficit (–)		Receipts	Outlays	Surplus or deficit (–)
1937	5,122	7,582	–2,460	1937	265	–2	+267
1938	6,364	6,850	–486	1938	387	–10	+397
1939	5,792	9,154	–3,362	1939	503	–13	+516
1940	5,998	9,482	–3,484	1940	550	–14	+564
1941	8,024	13,618	–5,594	1941	688	35	+653
1942	13,738	35,071	–21,333	1942	896	66	+830
1943	22,871	78,466	–55,595	1943	1,130	89	+1,041
1944	42,455	91,190	–48,735	1944	1,292	114	+1,178
1945	43,849	92,569	–48,720	1945	1,310	143	+1,167
1946	38,057	55,022	–16,964	1946	1,238	210	+1,028
1947	37,055	34,193	+2,861	1947	1,459	303	+1,157
1948	39,944	29,396	+10,548	1948	1,616	368	+1,248
1949	37,724	38,408	–684	1949	1,690	427	+1,263
1950	37,336	42,038	–4,702	1950	2,106	524	+1,583
1951	48,496	44,237	+4,259	1951	3,120	1,277	+1,843
1952	62,573	65,956	–3,383	1952	3,594	1,730	+1,864
1953	65,511	73,771	–8,259	1953	4,097	2,330	+1,766
1954	65,112	67,943	–2,831	1954	4,589	2,912	+1,677
1955	60,370	64,461	–4,091	1955	5,081	3,983	+1,098
1956	68,162	65,668	+2,494	1956	6,425	4,972	+1,452
1957	73,201	70,562	+2,639	1957	6,789	6,016	+773
1958	71,587	74,902	–3,315	1958	8,049	7,503	+546
1959	70,953	83,102	–12,149	1959	8,296	8,996	–700
1960	81,851	81,341	+510	1960	10,641	10,850	–209
1961	82,279	86,046	–3,766	1961	12,109	11,677	+431
1962	87,405	93,286	–5,881	1962	12,271	13,535	–1,265
1963	92,385	96,352	–3,966	1963	14,175	14,964	–789
1964	96,248	102,794	–6,546	1964	16,366	15,734	+632
1965	100,094	101,699	–1,605	1965	16,723	16,529	+194
1966	111,749	114,817	–3,068	1966	19,085	19,715	–630
1967	124,420	137,040	–12,620	1967	24,401	20,424	+3,978
1968	128,056	155,798	–27,742	1968	24,917	22,336	+2,581
1969	157,928	158,436	–507	1969	28,953	25,204	+3,749
1970	159,348	168,042	–8,694	1970	33,459	27,607	+5,852
1971	151,294	177,346	–26,052	1971	35,845	32,826	+3,019
1972	167,402	193,824	–26,423	1972	39,907	36,857	+3,050
1973	184,715	200,118	–15,403	1973	46,084	45,589	+495
1974	209,299	217,270	–7,971	1974	53,925	52,089	+1,836
1975	216,633	271,892	–55,260	1975	62,458	60,440	+2,018
1976	231,671	302,170	–70,499	1976	66,389	69,609	–3,220
TQ	63,216	76,552	–13,336	TQ	18,016	19,421	–1,405
1977	278,741	328,487	–49,745	1977	76,817	80,716	–3,899
1978	314,169	369,072	–54,902	1978	85,391	89,657	–4,266
1979	365,309	403,486	–38,178	1979	97,994	99,978	–1,984
1980	403,903	476,591	–72,689	1980	113,209	114,329	–1,120

Table 23. **ON-BUDGET AND OFF-BUDGET RECEIPTS AND OUTLAYS, 1937–1991—Continued**

(In millions of dollars)

Fiscal year	On-budget			Fiscal year	Off-budget		
	Receipts	Outlays	Surplus or deficit (–)		Receipts	Outlays	Surplus or deficit (–)
1981	469,097	543,013	–73,916	1981	130,176	135,196	–5,020
1982	474,299	594,302	–120,003	1982	143,467	151,404	–7,937
1983	453,242	661,219	–207,977	1983	147,320	147,108	+212
1984	500,382	685,968	–185,586	1984	166,075	165,813	+262
1985	547,886	769,515	–221,629	1985	186,171	176,807	+9,363
1986 est	579,201	795,185	–215,984	1986 est	197,938	184,743	+13,195
1987 est	636,097	795,386	–159,288	1987 est	214,275	198,617	+15,658
1988 est	690,350	817,115	–126,765	1988 est	242,829	209,650	+33,179
1989 est	732,461	843,764	–111,304	1989 est	263,654	219,855	+43,799
1990 est	771,948	862,082	–90,134	1990 est	286,148	231,766	+54,382
1991 est	818,603	884,253	–65,650	1991 est	305,436	238,463	+66,973

Data for all years for the unified budget. Transactions of the social security trust funds are presented off-budget for all years. In calendar year 1976, the Federal fiscal year was converted from a July 1–June 30 basis to an Oct. 1–Sept. 30 basis. The TQ refers to the transition quarter from July 1 to Sept. 30, 1976.

GLOSSARY OF COMMON ACRONYMS

ACIF	Agricultural credit insurance fund
ACRS	Accelerated cost recovery system
AFDC	Aid to families with dependent children
AID	Agency for International Development
AIDS	Acquired immune deficiency syndrome
ALCM	Air-launched cruise missiles
ARC	Appalachian Regional Commission
BIA	Bureau of Indian Affairs
CCC	Commodity Credit Corporation
CDBG	Community development block grants
CHAMPUS	Civilian health and medical program of the uniformed services
CHL	College housing loan
COLA	Cost-of-living adjustment
CPI	Consumer price index
CSE	Child support enforcement
CSR	Civil service retirement
DEA	Drug Enforcement Administration
DEFRA	Deficit Reduction Act
DI	Disability insurance
DOD	Department of Defense
DOE	Department of Energy
DRG	Diagnosis-related groups
EDA	Economic Development Administration
EITC	Earned income tax credit
ERTA	Economic Recovery Tax Act
ESOP	Employee stock ownership plans
FAA	Federal Aviation Administration
FBI	Federal Bureau of Investigation
FCA	Farm Credit Administration
FCIC	Federal Crop Insurance Corporation
FCS	Farm Credit System
FEHB	Federal employees health benefits
FFB	Federal Financing Bank
FHA	Federal Housing Administration
FHLB	Federal Home Loan Banks
FHLMC	Federal Home Loan Mortgage Corporation (Freddie Mac)
FmHA	Farmers Home Administration

FNMA	Federal National Mortgage Association (Fannie Mae)
FSC	Foreign sales corporation
GNMA	Government National Mortgage Association (Ginnie Mae)
GNP	Gross national product
GRH	Gramm-Rudman-Hollings
GSA	General Services Administration
GSE	Government-sponsored enterprises
GSL	Guaranteed student loan
HI	Hospital insurance
HUD	Department of Housing and Urban Development
ICC	Interstate Commerce Commission
IHA	Indian Housing Authorities
IHS	Indian Health Service
INS	Immigration and Naturalization Service
IRS	Internal Revenue Service
JTPA	Job Training Patnership Act
LEA	Local educational agencies
MSHA	Mine Safety and Health Administration
NASA	National Aeronautics and Space Administration
NRC	Nuclear Regulatory Commission
NCUA	National Credit Union Administration
NCUSIF	National credit union share insurance fund
NDSL	National direct student loan
NIH	National Institutes of Health
NOAA	National Oceanic and Atmospheric Administration
NPR	Naval petroleum reserves
NSF	National Science Foundation
OASI	Old age and survivors insurance
OCS	Outer continental shelf
OPEC	Organization of Petroleum Exporting Countries
OPIC	Overseas Private Investment Corporation
OPM	Office of Personnel Management
OSHA	Occupational Safety and Health Administration
PBGC	Pension Benefit Guaranty Corporation
PCIE	President's Council on Integrity and Efficiency
PHA	Public Housing Authorities
PMA	Power Marketing Administration
PPS	Prospective payment system
R&D	Research and development
REA	Rural Electrification Administration
RRB	Railroad Retirement Board
RSUI	Railroad sickness and unemployment insurance
RSVP	Retired senior volunteer program
SBA	Small Business Administration
SCS	Soil Conservation Service
SLMA	Student Loan Marketing Association (Sallie Mae)
SMI	Supplementary medical insurance
SPR	Strategic petroleum reserves

SSI	Supplemental security income
STAA	Surface Transportation Assistance Act
TAA	Trade adjustment assistance
TDRSS	Tracking and data relay satellite system
TEFRA	Tax Equity and Fiscal Responsibility Act
TOPEX	Topography experiment
TVA	Tennessee Valley Authority
UDAG	Urban development action grants
USDA	United States Department of Agriculture
USGS	United States Geological Survey
VA	Veterans Administration
VISTA	Volunteers in service to America
WIC	Women, infants, and children
WIN	Work incentive

INDEX

A

Accounting Office, General, 6d-14
Acquired Immune Deficiency Syndrome (AIDS), 3-6
ACTION, 5-99, 6d-226
Administration, Office of, 6d-24
Administrative Conference of the United States, 6d-227
Administrative Office of the United States Courts, 6d-20
Adult Education, Office of Vocational and, 6d-97
Adult education, 3-11
Advisory Commission on Intergovernmental Relations, 6d-239
Advisory Committee on Federal Pay, 6d-227
Aeronautical research and technology, 5-73
Aeronautics Board, Civil, 5-73, 6d-229
Aeronautics and Space Administration, National, 3-6, 5-25, 5-73, 6d-212
Africa, Sub-Saharan, 5-19
African Development Foundation, 6d-35
Afro-American History and Culture Commission, National, 6d-244
Aged:
  Community service employment, 5-96, 6d-165
  Housing, 5-60
  Income support, M-6
  Insurance, 6d-131
  Social services, 5-99
Aging, National Institute on, 6d-118
Agricultural Research Service, 6d-39
Agricultural Cooperative Service, 6d-59
Agricultural Extension Service, M-8
Agricultural lands, conservation of, 5-46
Agricultural Library, National, 6d-40
Agricultural Marketing Service, 6d-55
Agricultural Outlook Board, World, 6d-41
Agricultural Service, Foreign, 6d-42
Agricultural Stabilization and Conservation Service, 3-7, 6d-43
Agriculture:
  Credit programs, 5-53
  Export markets, 5-50
  Federal programs, 5-50
  Major missions and programs, totals, table, 1985-89, 5-51
Agriculture—Continued
  Marketing programs, 5-55
  Markets aboard, 5-50
  National needs statement, 5-50
  Research, 5-54
  Tax expenditures, 5-55
Agriculture, Department of, 6d-37
Agriculture credit insurance fund, 3-20
Aid to families with dependent children, 3-9, 5-96, 5-121
AIDS, M-6, 3-6, 5-104
Air carrier subsidies, 5-73
Air carrier subsidy program, termination, 3-17
Air carriers subsidies, M-7
Air Force general purpose forces, 5-9
Air Force tactical aircraft, 5-9
Air National Guard, 5-10
Air quality, pollution control block grant, 3-15
Air safety, 5-72
Air safety inspectors, 3-6
Air traffic control system, 3-6
Air traffic controllers, 3-6
Air transportation, 5-72
Aircraft purchase loan guarantee program, 6d-187
Airlift forces, 5-9
Airmen's Home, Soldiers' and, 6d-92
Airport and airway trust fund, 6d-188
Airports, local, M-8
Airports, Metropolitan Washington, 6d-187
Airways and airports, 5-72
Alaska Area Power Administration, 3-12, 6d-105
Alaska Railroad, 6d-184
Alcohol, Drug Abuse, and Mental Health Administration, 6d-121
Alcohol, Tobacco and Firearms, Bureau of, 6d-199
Alcohol Fuels Commission, National, 6d-257
Allergy and Infectious Diseases, National Institute of, 6d-115
Allocations between agencies, explanation, 6b-12
American Battle Monuments Commission, 6d-228
American Samoa, 5-148
Amtrak, M-7, 3-12, 5-71
Animal pests and disease, 5-55

Animal and Plant Health Inspection Service, 6d-54
Animal and plant productivity, 5–55
Antarctic program, 5–29
Anti-terrorism assistance, international, 5–19, 6d-177
Appalachian Regional Commission, M-7, 3–8, 5–81, 6d-239
Appeals, Court of Military, 6d-75
Appeals Courts, 6d-18
Appeals for the Federal Circuit, Court of, 6d-18
Apportionment system, 6b-5
Appropriations:
  Advance funding, 6b-10
  Annual, 6b-9
  Discussion, 6b-9
  Federal fund, 6b-2
  Multiple-year, 6b-9
  No-year, 6b-10
  Trust fund, 6b-2
Appropriations, 6b-2
Architect of the Capitol, 6d-9
Architectural and Transportation Barriers Compliance Board, 6d-228
Archives and Records Administration, National, 5–147, 6d-243
Area and regional development, 5–80
Arms Control and Disarmament Agency, 6d-228
Army:
  Cemeterial expenses, 6d-88
  Corps of Engineers, 6d-88
  General purpose forces, 5–7
Art, National Gallery of, 6d-256
Arthritis and Musculoskeletal and Skin Diseases, National Institute of, 6d-118
Arts, Commission of Fine, 6d-230
Arts, National Endowment for the, 6d-246
Arts and the Humanities, National Endowment for the, 5–90
Asia Foundation, 6d-177
Assessment, Office of Technology, 6d-16
Atmospheric Administration, National Oceanic and, 5–47, 6d-66
Atmospheric research, 5–47
Atomic energy defense activities, 5–13, 6d-102
Atomic energy defense research and development, 5–13
Automatic data processing fund, Federal, 6d-209
Aviation Administration, Federal, 3–6, 6d-187
Aviation safety, 3–6

B

B-1B bomber, 5–7
Balanced Budget and Emergency Deficit Control Act, M-4, 2–3, 2–13, 5–2, 6a-4, 6a-7, 6b-4, 6d-1
Balances:
  Budget authority, explanation, 6b-11
  Unobligated, 6b-11
Balances in deposit fund accounts, 6b-15
Banks:
  Federal home loan, 6b-7
  Federal land, 6b-7
  Federal Reserve, 5–157
Basis for budget figures, 6b-16
Bicentennial expenses, The Judiciary, 6d-21
Bicentennial of the United States Constitution, Commission, 6d-238
Bilingual Education and Minority Languages Affairs, Office of, 6d-95
Biomedical ethics, 6d-16
Black lung clinics, health care block grant, 3–15
Black lung disability trust fund, 4–8
Blind and Other Severely Handicapped, Committee for Purchase from the, 6d-230
Blood Institute, National Heart, Lung, and, 6d-113
Bonneville Power Administration, 3–12, 6d-106
Border enforcement activities, 5–139
Borrow, authority to, 6b-9
Borrowing and debt repayments, definition, 6b-15
Botanic Garden, 6d-15
Bridges, alteration of, 6d-189
Broadcasting, Board for International, 5–22
Broadcasting, Corporation for Public, 5–91, 6d-231
Brucellosis control program, 5–55
Budget: 6d, 6d
  Accounts listing, 6d-1
  Agency listing, 6d-1
  Allowances, by program, totals, table, 1985–89, 5–158
  Allowances, budget authority and outlays, totals, table, 1985–89, 5–158
  Allowances, contingencies, 5–159
  Allowances, 6b-17

Budget—Continued
- Balanced, M-10, 3-2
- By agency, for each account and functional code, 6d-1
- By fund group, totals, table, 1985–89, 6a-20
- Capital, development of, M-10
- Changes proposed, Government totals, table, 1986–91, 3–3
- Collections, discussion, 6b-13
- Composition of Federal spending, total, table, 1960–85, 2–7
- Congressional action, 6b-2
- Congressional review, 6b-2
- Continuing resolution, 6b-4
- Credit, discussion, 6c-1
- Credit, structure of, 6c-2
- Credit, summary, totals, table, 1985–91, 6e-7
- Credit, total, table, 1985–87, 6e-13
- Credit activities, discussion, 6b-12
- Current services, totals, table, 1986–91, 3–2
- Current services budget, 6b-2
- Current services and the President's proposals, by outlays totals, table, 1985–89, 6e-8
- Current services and the President's proposals, by budget authority, totals, table 1985–89, 6e-8
- Data for 1985, 1986, 1987, and 1988-91, 6b-17
- Deficit, decrease in total, discussion, 6a-29
- Deficit, structural, 2–11
- Deficit, summary of reasons for differences, 6a-29
- Deficit change, sources, table, 1981–85, 2–13
- Deficit reductions, proposed, total, table, 1987–91, 3–24
- Deficit targets, 2–3, 3–2
- Definition, 6b-13
- Definition of terms, 6b-1
- Earned income tax credit, 5–124
- Economic assumptions, changes in, table, 1986–90, 2–28
- Economic assumptions, long-range, table, 1988-91, 2–25
- Economic assumptions, sensitivity of, 2–28
- Economic assumptions, sensitivity of, table, 1987–91, 2–29
- Economic assumptions, 2–23
- Economic assumptions since last year, table, 1986–90, 2–28

Budget—Continued
- Economic forecast, short-range, table, 1984–87, 2–24
- Economic Outlook, discussion, 2–2
- Estimates, reports on, 6b-3
- Execution and control, 6b-5
- Executive formulation and transmittal, 6b-1
- Federal program, by agency and account, 6d-1
- Federal program by function, discussion, 5–2
- Figures, basis for, discussion, 6b-16
- Financing and change in debt outstanding, table, 1985–89, 6a-21
- Financing and change in debt subject to limit, table, 1985–87, 6a-22
- Financing and debt, table, 1985–91, 6e-14
- Fiscal activities outside of, 6a-6
- Fiscal policy guidelines, 6b-1
- Functional classification:
  - Discussion, 5–2, 6b-7
- Funds, limitations on the availability of, 6a-3
- Funds, types of, explanation, 6b-8
- Funds and the Federal debt, discussion, 6a-19
- Government, totals, table, 1986–91, 3–2
- Gramm-Rudman-Hollings deficit targets, totals, table, 1985–91, M-4
- History, discussion, 2–2
- History, the first 200 years, 2–4
- Legislative proposals, major new and expanded programs, 1987 budget, projection of costs, 6e-29
- Major proposals, discussion, 3–2
- Multi-year planning and tracking system, 6b-1
- National needs, discussion, 5–2
- Outlays, composition of in current prices, totals, table, 1967–89, 6e-43
- Outlays composition of in constant prices, totals, table, 1967–89, 6e-44
- Percent of GNP, totals, table, 1986–91, 3–2
- Perspectives, 6a-1
- Preparation for transmittal to the Congress, 6b-2
- Presidential review, 6b-2
- Process, discussion, 6b-1
- Projections of the economic outlook, 6b-1

- Budget—Continued
  - Receipts and outlays, on-budget and off-budget, totals, table, 1937–91, 6e-46
  - Receipts and outlays, totals, table, 1789–1990, 6e-45
  - Relation of budget authority to outlays, chart, 1987, 6a-4
  - Rules-of-Thumb, 2–28
  - Summary, surplus or deficit, totals, table, 1985–91, M-4
  - Summary, totals, table, 1985–91, M-4, 6e-7
  - Summary tables, explanation of, 6e-2
  - Surplus or deficit, by fund group, totals, table, 1985–1989, 6a-20
  - Surplus or deficit, summary, totals, table, 1985–91, 6e-7
  - Surplus or deficit, totals, table, 1789–1990, 6e-45, 6e-46
  - System and concepts, explanation of, 6b-1
  - Targets, 6b-7
  - Totals, coverage of, 6b-6
  - Totals, table, 1937–91, 6e-46
  - Totals, table, 1789–1990, 6e-45
- Budget, Office of Management and, 6b-1, 6d-24
- Budget authority:
  - Agriculture, totals, table, 1985–89, 5–51
  - Allocations between agencies, explanation, 6b-12
  - Allowances, by program, total, table, 1985–89, 5–158
  - Appropriations, 6b-9
  - As voted by Congress, 6b-2
  - Atomic energy defense activities, 5–13
  - Available through current action by Congress, table, 1985–89, 6a-2
  - Available with and without current action by Congress, totals, table, 1985–87, 6e-20
  - Available without current action by Congress, table, 1985–89, 6a-2
  - Balances, by agency, totals, table, 1985–87, 6e-22
  - Balances, explanation, 6b-11
  - Borrow, authority to, 6b-9
  - Budget targets of, 6b-3
  - By agency, for each account and functional code, 6d-1
  - By agency, totals, table, 1985–91, 6e-18
  - By function, totals, table, 1985–91, 6e-17
- Budget authority—Continued
  - Chart, 1987, relation to outlay, 6a-4
  - Commerce and housing credit, totals, table, 1985–89, 5–58
  - Community and regional development, totals, table, 1985–89, 5–78
  - Contract authority, 6b-9
  - Current, definition, 6b-10
  - Current services and the President's proposals by source, totals, table 1985–89, 6e-8
  - Deductions for off-setting receipts, table, 1985–89, 6a-2
  - Defense, national, 5–5
  - Deferrals, 6b-6
  - Deficit targets, 6b-4
  - Definite, definition, 6b-10
  - Discussion, 5–3
  - Education, training, employment and social services, totals, table, 1985–89, 5–86
  - Energy, totals, table, 1985–89, 5–32
  - Explanation, 6b-8
  - Fiscal assistance, general purpose, totals, table, 1985–89, 5–150
  - Forward funding, 6b-10
  - General government, totals, table, 1985–89, 5–144
  - General science, space, and technology, 5–26
  - Health, totals, table, 1985–89, 5–102
  - Income security, totals, table, 1985–89, 5–113
  - Indefinite, definition, 6b-11
  - Interest, totals, table, 1985–89, 5–155
  - International affairs, 5–17
  - Intragovernmental transactions, 6b-14
  - Justice, administration of, totals, table, 1985–89, 5–140
  - Medicare, totals, table, 1985–89, 5–109
  - Natural resources and environment, totals, table, 1985–89, 5–41
  - Obligations, 6b-9
  - Obligations incurred, explanation, 6b-11
  - Off-setting receipts, undistributed, total, table, 1985–89, 5–161
  - Outlays, explanation, 6b-11
  - Permanent, 6b-2
  - Permanent definition, 6b-10
  - Reappropriations, 6b-10
  - Relation to outlays, totals, table, 1985–87, 6e-21
  - Relationship to outlays, 6a-1

Budget authority—Continued
  Rescissions, 6b-6, 6b-10
  Reserves, 6b-6, 6b-10
  Social security, totals, table, 1985–89, 5–127
  Summary, totals, table, 1985–91, 6e-7
  Targets, 6b-3
  Transportation, totals, table, 1985–89, 5–68
  Veterans benefits and services, totals, table, 1985–89, 5–131
Budget Message of the President, M-1
Budget Office, Congressional, 6d-9
Budget process, reform of, M-9
Building Sciences, National Institute on, 6d-247
Buildings fund, Federal, 6d-208
Bus industries deregulation, 3–8

C

Cancer Institute, National, 6d-112
Capitol, Architect of the, 6d-9
Cash, exchange of, 6b-15
Cemeterial expenses, Army, 6d-88
Census, Bureau of the, 6d-64
Centers for Disease Control, 6d-111
Central America, security assistance, 3–5
Central Intelligence Agency, 6d-229
Child care facilities, lower-income families, 3–10
Child Health and Human Development, National Institute of, 6d-116
Child support, payments to States from receipts for, 6d-127
Child support enforcement, 5–123, 6d-126
Children:
  Aid to families with dependent, 5–121
  Nutrition programs, 5–122
Christopher Columbus Quincentennary Jubilee Commission, 6d-237
Civil Aeronautics Board, 5–73, 6d-229
Civil defense program, 5–14
Civil Rights, Commission on, 6d-230
Civil Service pensions and health benefits, M-7
Civil service retirement system, 3–18
Civilian retirement and disability programs, 5–115
Claims, Defense, Department of, 6d-75
Coal miners, disabled, 5–112, 6d-126
Coal mining, regulation of surface, 5–46
Coal technology, clean, 6d-104
Coast Guard, 5–73, 6d-189
Coastal management, M-8
Colorado river basin power marketing fund, 6d-107
Commerce, Department of, 3–7, 6d-62
Commerce, other advancement of, 5–64
Commerce Commission, Interstate, 6d-242
Commerce and housing credit:
  Credit programs, table, 1985–89, 5–63
  Major missions and programs, totals, table, 1985–89, 5–58
  National needs statement, 5–57
  Tax expenditures, table, 1985–89, 5–66
Commerce and industry, promotion of, 6d-65
Commercial activities, government subsidies, 3–11
Commodity agreements, international, 6d-35
Commodity Credit Corporation, 5–51, 5–122, 6d-45
Commodity Futures Trading Commission, 6d-230
Communications Commission, Federal, 6d-233
Communicative Disorders and Stroke, National Institute of Neurological and, 6d-114
Community block grants, 3–8
Community development activities, 3–16
Community development block grants, 3–16, 5–77
Community planning and development, 6d-137
Community and regional development:
  Block grant program, 5–77
  Credit programs, table, 1985–89, 5–84
  Major missions and programs, totals, table, 1985–89, 5–78
  National needs statement, 5–77
  Tax expenditures, 5–83
Community Relations Service, 6d-161
Community service programs, 5–98
Community Services Administration, 6d-231
Commuter rail service, 6d-183
Compact of Free Association, 5–148
Comptroller of the Currency, Office of the, 6d-203
Conciliation Service, Federal Mediation and, 6d-236
Congress, Library of, 6d-12
Congress of the United States, 5–143, 6d-2
Congressional Budget Act of 1974, 6b-2

Congressional Budget Office, 6b-3, 6d-9
Congressional Research Service, 5-143, 6d-12
Conrail, sale of, 5-162
Conrail, 5-71, 6a-8, 6d-183
Conservation:
  Energy, 5-36, 6d-103
  Forest, 6d-93
  Soil and water, 5-46
  Wildlife, 6d-93
Conservation and land management, 5-44
Conservation reserve program, 3-7
Constitution, Commission on Bicentennial of the United States, 6d-238
Construction grants, sewage treatment plants, 5-40
Construction programs:
  Defense—Military, 6d-82
  Energy, Department of, 5-27
  Hospitals and extended care facilities, 5-137
  National Aeronautics and Space Administration, 5-29
  Ships, 3-7
  Tennessee Valley Authority, 5-36
  Veterans Administration, 6d-222
Construction projects:
  Corps of Engineers, 5-43
  Reclamation, Bureau of, 5-44
  Stanford Linear Collider, 5-27
Consumer information center fund, 6d-211
Consumer Product Safety Commission, 6d-231
Consumer safety, 5-106
Contract authority, 6b-9
Contradora agreement, assistance for, 6d-177
Conventional military forces, 5-4, 5-7
Cooperation in Europe, Commission on Security and, 6d-15
Cooperative Service, Agricultural, 6d-59
Cooperative State Research Service, 6d-40
Copyright Office, 6d-12
Copyright Royalty Tribunal, 6d-15
Corporation income taxes, 4-16
Corps of Engineers—Civil, 5-43, 6d-88
Correctional activities, Federal, 5-141
Corrections, National Institute of, 6d-163
Cost recovery system, accelerated, 4-3
Cost-of-living adjustments (COLA's), 5-116
Cotton classification, 5-55
Council of Economic Advisers, 6d-22
Council on Environmental Quality, 6d-23
Council on Wage and Price Stability, 6d-23
Counterterrorism, 3-5
Counterterrorism research and development, 6d-178
Credit activities, Federal, 6b-12
Credit Administration, Farm, 6d-232
Credit budget, Federal, 6c-1
Credit control system, 6a-5
Credit management, 3-19
Credit policy issues, 6c-9
Credit programs:
  Agriculture, totals, table, 1985-89, 5-54
  Commerce and housing credit, table, 1985-89, 5-63
  Community and regional development, table, 1985-89, 5-84
  Defense, national, 5-14
  Education, 5-91
  Energy, table, 1985-89, 5-37
  Fiscal assistance, general purpose, 5-152
  General government, table, 1985-89, 5-147
  General science, space, and technology, 5-29
  Health, table, 1985-89, 5-106
  Income security, table, 1985-89, 5-121
  International affairs, totals, table, 1985-89, 5-24
  Natural resources and environment, 5-48
  Transportation, 5-75
  Veterans benefits and services, table, 1985-89, 5-135
Credit programs, Federal, 5-3
Credit programs, reform of, 6c-1
Credit Union Administration, National, 5-63, 6d-245
Crime, organized, 3-5
Crime, white-collar, 3-5
Crime drug enforcement, organized, 5-139
Criminal investigations, 5-139
Criminal justice assistance, 3-16, 5-141
Critical Materials Councils, National, 6d-24
Crop insurance, 3-13, 5-53
Crop Insurance Corporation, Federal, 5-53, 6d-44
Crude Oil Windfall Profit Tax Act of 1980, 6a-32

Current budget authority, definition, 6b-10
Current expense and capital investment, explanation, 6b-8
Current services estimates, 2–23, 6b-2
Current services and the President's proposals, by outlays, totals, table 1985–89, 6e-8
Current services and the President's proposals, by budget authority, totals table, 1985–89, 6e-8
Custom duties, 4–16
Customs Service, United States, 5–140, 6d-199

D

Debt, Bureau of Public, 6d-201
Deepwater port liability fund, 6d-190
Defense, Department of—Civil, 6d-88
Defense, Department of—Military: 6d-71
  Budget authority, totals, table, 1985–89, 5–5
  Construction programs, 6d-82
  Major mission and program, total obligational authority, table, 1985–89, 5–7
  Management initiatives, 5–11
  Military personnel, 5–11
  Military personnel and forces, summary of active, table, 1985–87, 5–12
  Operation and maintenance, 6d-72
  Outlays, totals, table, 1985–89, 5–5
  Procurement, 5–5, 5–13, 6d-76
  Research, development, test, and evaluation, 6d-80
  Research and development, 5–10
  Revolving and management funds, 6d-85
  Tax expenditures, 5–13
  Transatmospheric vehicle research, 3–6
Defense, national:
  Credit programs, table, 1985–89, 5–15
  Atomic energy defense activities, totals, table, 1985–89, 5–13
  Initiatives, priority, 3–4
  Major missions and programs, 5–5
  National needs statement, 5–4
  Resources, increases in, 5–4
Defense capabilities, rebuilding, M-3
Defense Contract Audit Agency, 5–13
Defense preparedness, M-4
Defense spending, reduction of, M-6
Deferral, definition, 6b-10
Deficit, comparison of, discussion, 6a-28
Deficit, discussion, M-5
Deficit reduction, 6b-4
Deficit Reduction Act of 1984, 4–4
Deficit reductions, proposed, total, table, 1987–91, 3–24
Deficit or surplus, summary, totals, table, 1985–91, 6e-7
Deficit or surplus, totals, table, 1789–1990, 6e-45
Deficit or surplus, totals, table, 1937–91, 6e-46
Deficit or surplus, 6a-19, 6b-13
Deficit targets, 3–2
Definite budget authority, definition, 6b-10
Delaware River Basin Commission, 6d-240
Dental Research, National Institute of, 6d-113
Deposit fund accounts, balances in, 6b-15
Development assistance, economic, 6d-65
Development assistance, international, 6d-28
Diabetes and Digestive and Kidney Diseases, National Institute of, 6d-114
Diplomatic security, 3–5
Direct loans, discussion, 6c-5
Direct loans, 5–3, 5–61, 6b-12
Disability insurance, 6b-6, 6d-131
Disability insurance trust fund, 5–160
Disaster assistance, international, 6d-31
Disaster relief and insurance, 5–82
Disaster relief program, 5–82, 6d-26
Disease Control, Centers for, 6d-111
District of Columbia, payments and loans to the, 5–151
District of Columbia, 6d-231
District Courts, 6d-18
Dividends Tax Compliance Act of 1983, Interest and, 4–4
Domestic spending, M-10
Domestic volunteer programs, 5–99
Drug Abuse, Mental Health, and Alcohol Administration, 6d-121
Drug Abuse Prevention, Special Action Office for, 6d-25
Drug Administration, Food and, 6d-108
Drug Enforcement Administration, 3–5, 5–139, 6d-162
Drug enforcement programs, M-6

E

Economic Advisers, Council of, 6d-22

Economic assumptions:
  Budget estimates, 2–23
  Changes in, table, 1986-90, 2–28
  Current services estimates, 2–23
  Discussion, 2–23
  Interest rates, 2–26
  Long-range, table, 1988-91, 2–25
  Long-term, 1988-91, 2–26
  Outlook, 1986–87, 2–23
  Sensitivity of the budget to, 2–28
  Sensitivity of the budget to, table, 1987-91, 2–29
  Unemployment rates, 2–26
Economic assumptions since last year, table, 1986–90, 2–28
Economic conditions, prospective, 6b-2
Economic Development Administration, M-7, 3–8, 3–19, 5–80, 6d-65
Economic expansion, discussion, M-3
Economic forecast, short-range, table, 1984–87, 2–25
Economic forecast and action performance comparison of February 1984, 6a-27
Economic growth, discussion, M-5
Economic growth, 3–2
Economic outlook, projections of the, 6b-1
Economic outlook, 2–15
Economic Recovery Tax Act of 1981, 4–3
Economic Research Service, Agriculture Department, 6d-41
Economic and Statistical Analysis, 6d-64
Economic support fund, 5–18
Education:
  Adult, 3–11, 5–89, 6d-97
  Credit programs, 5–91
  Credit programs, table, 1985–89, 5–92
  Disadvantaged, 5–88, 6d-94
  Elementary and secondary, 5–85, 6d-94
  Federal impacted areas, 5–88
  Federally impacted areas, 6d-94
  Handicapped, 5–88, 6d-96
  Health manpower, 5–105
  Health professions, M-7
  Higher, 5–90
  Indians, 6d-95
  Languages, bilingual and minority, 6d-95
  Medical, 3–9
  Military personnel, 6d-92
  Rehabilitative, 6d-96
  Student aid, 3–10
Education—Continued
  Tax expenditures, 5–91
  Tax incentives for higher, 4–7
  Tuition tax credit, 4–7
  Veterans, 3–8, 5–134
  Vocational, 3–11, 5–85, 5–89
  Voucher programs, M-8
  Work-study program, 5–90
Education, Department of, 5–91, 6d-94
Education, training, employment, and social services:
  Federal programs, 5–85
  Major missions and programs, totals, table, 1985–89, 5–86
  National needs statement, 5–85
  Tax expenditures, 5–97, 5–99
Educational Research and Improvement, Office of, 6d-100
Egypt, assistance to, 5–19
Election Commission, Federal, 6d-233
Electrification Administration, Rural, 6d-46
Elementary and Secondary Education, Office of, 6d-94
Emergency Management Agency, Federal, 5–14, 5–82, 6d-233
Emergency national mobilization, 5–14
Employment, full-time equivalent of Federal civilian, by agency, totals, table, 1984–88, 6e-16
Employment, older Americans, 5–96
Employment growth, M-3
Employment Opportunity Commission, Equal, 6d-232
Employment Services, M-8
Employment services, 6d-166
Employment Standards Administration, 6d-169
Employment and Training Administration, 6d-165
Employment and training block grants, 5–93
Energy:
  Activities, atomic, 6d-102
  Budget authority and outlays, totals, table, 1985–89, 5–32
  Conservation, 5–36, 6d-103
  Credit programs, table, 1985–89, 5–37
  Emergency preparedness, 5–38, 6d-104
  Federal role, 5–31
  Major missions and programs, totals, table, 1985–89, 5–32
  National needs statement, 5–31
  Production and use, 5–31, 5–31
  Research, 6d-102

Energy—Continued
  Research and development, 5–31
  Science programs, 5–34
  Supplies, 5–31
  Tax expenditures, 5–39
Energy, Department of, 5–25, 5–27, 5–38, 6d-102
Energy assistance, low-income home, 5–124
Energy conservation grants, termination, 3–17
Energy and Energy Conservation Bank, Solar, 6d-136
Energy Information Administration, 5–38
Energy programs, 6d-102
Energy Regulatory Commission, Federal, 5–38, 6d-104
Engraving and Printing, Bureau of, 5–147, 6d-200
Enterprise zone tax incentives, 4–6
Environmental Health Sciences, National Institute of, 6d-117
Environmental Protection Agency, 6d-205
Environmental Quality, Council on and Office of, 6d-23
Environmental regulatory enforcement, 5–40
Equal Employment Opportunity Commission, 6d-232
Equal opportunity, fair housing and, 6d-139
Estate and gift taxes, 4–16
Europe, Commission on Cooperation and Security in, 6d-15
Exchange Commission, Securities and, 6d-254
Exchange stabilization fund, 6a-7, 6b-15, 6d-195
Excise taxes, 4–16
Executive, Legislative, and Judicial Salaries, Commission on, 6d-257
Executive Office of the President, 5–143, 6d-21
Executive Residence at The White House, 6d-22
Export credit, Commodity Credit Corporation, 5–50
Export financing program, fair, 6d-35
Export-Import Bank, 3–20, 5–23, 6a-7, 6d-232
Extension programs, Agriculture Department, 5–55
Extension Service, Agriculture, 6d-40
Eye Institute, National, 6d-117

F

Family housing, Defense Department, 6d-84
Family planning, health care block grant, 3–15
Family social services, 5–98
Farm Credit Administration, 6d-232
Farm credit system, 5–50
Farm income stabilization, 5–50
Farmers Home Administration, 3–13, 3–16, 5–53, 5–61, 5–80, 6d-48
Farms Home Administration, 3–19
Federal, Government financing and debt, table, 1985–91, 6e-14
Federal Aviation Administration, 3–6, 5–72, 6d-187
Federal Bureau of Investigation, 3–5, 5–139, 6d-162
Federal Communications Commission, 6d-233
Federal credit budget, 6c-1
Federal Crop Insurance Corporation, 5–53, 6d-44
Federal debt, budget funds and the, discussion, 6a-19
Federal debt, summary, totals, table, 1985–91, 6e-7
Federal debt, 6a-20
Federal Deposit Insurance Corporation, 5–61, 6d-233
Federal Election Commission, 6d-233
Federal Emergency Management Agency, 5–14, 5–82, 6d-233
Federal employees:
  Benefits for, 5–115
  Health benefits, 5–103
  Increase in civil service retirement, 4–11
  Increased payment for retirement, 5–159
  Pay increases, 5–158
  Retirement and disability, 5–112
  Retirement system, 3–18
  Workers' compensation, 5–117
Federal Energy Regulatory Commission, 5–38
Federal finance and the gross national product, table, 1968–89, 6e-41
Federal Financing Bank, 5–146, 5–156, 6a-8, 6b-6, 6d-1, 6d-198
Federal fund appropriations, 6b-2
Federal funds, explanation, 6a-19, 6b-8
Federal Grain Inspection Service, 6d-54
Federal Highway Administration, 6d-179

Federal Home Loan Bank Board, 6d-235
Federal hospital insurance trust fund, 6d-125
Federal Housing Administration, 3–13, 5–57, 6d-134
Federal Insurance Contributions Act, 6b-11
Federal intrafund transactions, definition, 6b-14
Federal Judicial Center, 6d-20
Federal Labor Relations Authority, 5–147, 6d-236
Federal law enforcement activities, 5–140
Federal Law Enforcement Training Center, 6d-196
Federal litigative and judicial activities, 5–141
Federal Maritime Commission, 5–74, 6d-236
Federal Mediation and Conciliation Service, 6d-236
Federal Mine Safety and Health Review Commission, 6d-236
Federal Pay, Advisory Committee on, 5–159, 6d-227
Federal Prison System, 6d-163
Federal Procurement Policy, Office of, 6d-24
Federal program, by function, 5–1
Federal Railroad Administration, 6d-183
Federal regulations, M-3
Federal Reserve System, 5–157, 6b-7, 6b-13
Federal Savings and Loan Insurance Corporation, 5–61
Federal ship financing fund, 6d-192
Federal spending, M-4, M-5, 2–2
Federal supplementary medical insurance trust fund, 6d-125
Federal tax burdens, M-3
Federal Trade Commission, 6d-237
Federal-aid highways, 6d-180
Federal-State employment service, 5–96
Financial Management Service, 6d-197
Firearms, Bureau of Alcohol, Tobacco and, 6d-199
Fiscal activities outside the Federal budget, 6a-6
Fiscal assistance, general purpose:
  Credit programs, table, 1985–89, 5–152
  Federal funds, 5–149
  Major missions and programs, totals, table, 1985–89, 5–150
Fiscal assistance, general purpose—Continued
  National needs statement, 5–149
  Tax expenditures, 5–152
Fiscal assistance program, 5–150
Fiscal operations, central, 5–143
Fiscal policy guidelines, 6b-1
Fiscal policy report, 6b-3
Fish, wildlife, and parks programs, 6d-148
Fish and Wildlife Service, United States, 6d-148
Fisheries, International commissions, 6d-176
Fishermen's guaranty fund, 6d-178
Fishermen's protective fund, 6d-178
Fishing industry, domestic commercial, 3–7
Flood control and drainage facilities, 5–43
Flood insurance fund, national, 5–82
Food aid, international, 5–20
Food and Drug Administration, 6d-108
Food and nutrition assistance, 5–120
Food and Nutrition Service, 6d-57
Food program, special supplemental, 5–123
Food program for women, infants and children (WIC) special supplemental, 3–9
Food Safety and Inspection Service, 6d-56
Food stamp program, 3–9, 5–120
Foreign affairs, administration of, 5–21, 6d-172
Foreign affairs, conduct of, 5–21
Foreign aggression, protection from, 5–4
Foreign Agricultural Service, 6d-42
Foreign aid, 5–16
Foreign assistance, 6d-26
Foreign assistance contingencies, 6d-33
Foreign assistance program, Agriculture Department, 6d-43
Foreign counterintelligence activities, 5–139
Foreign currency, special programs, Defense, Department of—Military, 6d-85
Foreign economic and financial assistance, 5–19
Foreign informational and exchange activities, 5–22
Foreign military sales credit, 5–16
Foreign officials, protection of, 3–5
Foreign policy, 5–16

Foreign Service, 5-21
Forest conservation, military reservations, 6d-93
Forest Service, 5-151, 6d-59
Forestry research, 5-45
Forests, management of, 5-45
Fossil energy program, 5-35
Foster Grandparents program, 5-99
Franklin Delano Roosevelt Memorial Commission, 6d-238
Fraud, waste, and abuse in Federal programs, 3-18
Freight forwarder deregulation, 3-8
Fuels Corporation, Synthetic, 5-36, 6a-8
Fuels Corporation, United States Synthetic, 6b-6, 6d-262
Functional classification, definition, 6b-7
Functional classification, 5-2
Funds, limitations on the availability of, 6a-3
Funds, types of, explanation, 6b-8
Funds appropriated to the President, 6d-26

G

Gallaudet College, 5-93
Games, Tenth International Pan American, 6d-76
General Accounting Office, 5-143, 6d-14
General fund, explanation, 6b-8
General government:
  Credit programs, table, 1985-89, 5-147
  Federal funds, 5-143
  Major missions and programs, totals, table, 1985-89, 5-144
  National needs statement, 5-143
  Tax expenditures, 5-148
General purpose forces, defense, 5-7
General revenue sharing, 5-149
General science, space, and technology:
  Budget authority and outlays, totals, table, 1985-89, 5-26
  Credit programs, table, 1985-89, 5-29
  Federal support, 5-25
  Initiatives, 3-6
  Major missions and programs, totals, table, 1985-89, 5-26
  National needs statement, 5-25
  Tax expenditures, 5-29
General Services Administration, 5-14, 5-147, 6d-208
Geological Survey, 5-47, 6d-146
GI Bill (new), 3-8
Government activities, transfer to State and local governments, 3-14
Government corporations, 6b-6
Government National Mortgage Association (GNMA), 5-57, 6d-135
Government Printing Office, 6d-13
Government programs, competition with the Private Sector, 3-11
Government programs, ineffective, duplicative or unnecessary, 3-7
Government services, efficient, effective, and accountable, 3-17
Government-sponsored enterprises, 6b-7, 6c-1, 6c-8
Governmental receipts, definition, 6b-13
Grain Inspection Service, Federal, 6d-54
Grain inspection and weighing, 5-55
Gramm-Rudman-Hollings (GRH), M-4, 2-3, 3-2
Grants, Pell, 5-90
Grazing permits, 5-151
Gross national product (GNP):
  Federal finance and, table, 1968-89, 6e-41
  Public debt as a percent of, table, 1968-89, 6e-41
Gross national product (GNP), 2-25, 2-25
Ground transportation, 5-67
Guam, 5-148, 5-152
Guaranteed loans, discussion, 3-13, 6c-7
Guard forces, 5-10

H

Handicapped, Committee for Purchase from the Blind and Other Severely, 6d-230
Handicapped, education of, 5-88, 6d-96
Handicapped, National Council on, 6d-245
Harry S Truman Scholarship Foundation, 6d-237
Hazardous substance response fund, 4-9, 5-40, 6d-207
Hazardous waste, pollution control block grant, 3-15
Health:
  Block grants, 5-104
  Credit programs, table, 1985-89, 5-106
  Federal programs, 5-101
  Indians, 5-104
  Initiatives, priority: 3-6
  Major missions and programs, totals, table, 1985-89, 5-102

Health—Continued
  Manpower, education and training, 5–104
  National needs statement, 5–101
  Occupational safety, 5–106
  Research, 5–104
  Tax expenditures, 5–107
Health, National Institutes of, 5–25, 5–104, 6d-112
Health, Office of Assistant Secretary for, 6d-122
Health Administration, Mine Safety and, 5–106, 6d-170
Health Administration, Occupational Safety and, 5–106, 6d-170
Health care block grants, 3–15
Health Care Financing Administration, 8–9124
Health care services, 5–101
Health and Human Services, Department of, 6d-108
Health maintenance organizations, 3–10
Health professional, training, 3–10
Health Resources and Services Administration, 6d-109
Health Review Commission, Federal Mine Safety and, 6d-236
Health and Safety Review Commission, Occupational, 6d-250
Heart, Lung, and Blood Institute, National, 6d-113
Highway Administration, Federal, 6d-179
Highway Revenue Act of 1982, 4–4
Highway Traffic Safety Administration, National, 6d-182
Highways:
  Federal-aid, 5–69
  Interstate grants, M-7
  Interstate system, 3–15
  Public recreation areas, 6d-179
  Railroad crossings, 6d-179
  Safety, 5–70, 6d-179
  Trust fund, 4–9
Historic Preservation, Advisory Council on, 6d-227
Historical agencies, 6d-237
Holocaust Memorial Council, United States, 6d-259
Home Loan Bank Board, Federal, 6d-235
Hopi Indian Relocation Commission, Navajo and, 5–148, 6d-258
Hospital insurance, 5–108
Hospital insurance trust fund, Federal, 6d-125
House of Representatives, 6d-5
Housing:
  Assistance, 5–118
  Credit user fees, 5–61
  Elderly, 5–60
  Handicapped, 5–60
  Insurance, 5–61
  Loans, direct and guaranteed, 5–61
  Low-income, 5–118
  Mortgage credit, 5–58
  Mortgage credit and deposit insurance, 5–57
  Mortgage insurance, 3–13
  Mortgage-backed securities, 5–57
  Programs, 6d-132
  Public and Indian, 6d-135
  Rehabilitation loans, 3–16
  Rental development grants, 5–80
  Rental rehabilitation grants, 3–16, 5–79
  Rental vouchers, 3–13
  Rural programs, 5–61, 5–118
  Subsidies, 5–118
  Veterans, 5–134
  Voucher programs, M-8
  Vouchers for poor households, 3–13
Housing Administration, Federal, 5–58
Housing for the elderly or handicapped fund, 6a-7
Housing and equal opportunity, fair, 6d-139
Housing and Urban Development, Department of, 3–13, 5–61, 5–77, 6d-132
Howard University, 5–90
Human Development, National Institute of Child Health and, 6d-116
Human Development Services, 6d-127
Human Nutrition Information Service, 6d-58
Human Services, Department of Health and, 6d-108
Humanitarian assistance for Nicaraguan democratic resistance, 6d-35
Humanities, National Endowment for the, 6d-247
Humanities, National Endowment for the Arts and, 5–90

I

Immigration and Naturalization Service, 5–139, 6d-163
Impoundment Control Act, 6b-6
Income program, supplemental security, 6d-126

- Income security:
  - Credit programs, table, 1985–89, 5–121
  - Federal programs, 5–111
  - Major missions and programs, totals, table, 1985–89, 5–113
  - National needs statement, 5–111
  - Tax expenditures, table, 1985–89, 5–125
- Income taxes, 4–2, 4–16
- Indefinite budget authority, definition, 6b-11
- Independent agencies, 6d-226
- Indian Affairs, Bureau of, 6d-153
- Indian programs, 5–81
- Indians:
  - Education and welfare, 5–89, 6d-95
  - Housing, 6d-135
- Industry and commerce, promotion of, 6d-65
- Infectious Diseases, National Institute of Allergy and, 6d-115
- Inflation, discussion, M-3
- Information Administration, National Telecommunications and, 6d-69
- Information Agency, United States, 5–22, 6d-260
- Information Resources Management Service, 6d-209
- Information Science, National Commission on Libraries and, 6d-245
- Initiatives, priority:
  - Acquired Immune Deficiency Syndrome (AIDS), 3–6
  - Aviation safety, 3–6
  - Basic research, 3–6
  - Defense, national, 3–4
  - Diplomatic security, 3–5
  - Law and drug enforcement, 3–5
  - Security assistance, international, 3–4
  - Space, 3–6
- Inland waterways, 4–10
- Inspection Service, Food Safety and, 6d-56
- Insurance:
  - Agriculture credit, 5–53
  - Crop, 3–13, 5–53
  - Disability, 6b-6, 6d-131
  - Federal employees life, 5–115
  - Fishing industry, domestic commercial, 3–7
  - Hospital, 5–108, 6d-125
  - Life, 5–134
  - Medical, Federal supplementary, 6d-125
- Insurance—Continued
  - Mortgage, single-family, 3–13
  - Mortgage credit and deposit, 5–57
  - Old-age and survivors, 5–127, 6b-6, 6d-131
  - Railroad employment, extension of Federal/State unemployment coverage, 4–8
  - Retirement and disability, 5–111
  - Rural housing, 5–61
  - Supplementary medical, 5–110
  - Unemployment, M-8, 3–17
  - Veterans, 5–134, 6d-221
- Insurance Corporation, Federal Deposit, 6d-233
- Intelligence and communication, Defense, 5–9
- Intelligence Community Staff, 6d-238
- Inter-American Foundation, 6d-34
- Interest:
  - Budget authority and outlays, by programs, totals, table, 1985–89, 5–155
  - Public debt, 5–154, 6d-203
  - Rates, 2–26
  - Trust funds, 5–154
- Interest and Dividends Tax Compliance Act of 1983, 4–4
- Interfund transactions, definition, 6b-14
- Intergovernmental Relations, Advisory Commission on, 6d-239
- Interior, Department of the, 6d-140
- Internal Revenue Service, 4–9, 4–10, 5–143, 6d-201
- International affairs:
  - Budget authority and outlays, totals, table, 1985–89, 5–17
  - Credit programs, totals, table, 1985–89, 5–24
  - Federal responsibility, 5–16
  - Initiative, priority, 3–5
  - Major missions and programs, totals, table, 1985–89, 5–17
  - National needs statement, 5–16
  - Tax expenditures, 5–23
- International Boundary and Water Commission, United States and Mexico, 6d-175
- International Broadcasting, Board for, 5–22, 6d-229
- International Center, Washington, D.C., 6d-178
- International commissions, 6d-175
- International commodity agreements, 6d-35
- International Cooperation and Development, Office of, 6d-42

International Development, Agency for, 3–19, 5–20, 6d-30
International development assistance, 6d-28
International development and humanitarian assistance, 5–21
International disaster assistance, 6d-31
International financial programs, 5–22
International fisheries commissions, 6d-176
International food aid, 5–20
International Monetary Fund, 6b-15
International monetary programs, 6d-36
International narcotics control, 6d-177
International Narcotics Control Commission, United States, 6d-4
International organizations, contributions to, 5–20
International organizations and conferences, 5–22, 6d-175
International security assistance, 3–4, 5–16, 6d-26
International and territorial affairs, 6d-156
International Trade, United States Court of, 6d-18
International Trade Administration, 5–65, 6d-65
International Trade Commission, 6d-241
Interstate Commerce Commission, M-7, 3–8, 6d-242
Interstate Commission on the Potomac River Basin, 6d-240
Intrabudgetary transactions, definition, 6b-14
Intragovernmental agencies, 6d-239
Intragovernmental funds, explanation, 6b-8
Intragovernmental transactions, definition, 6b-14
Israel, assistance to, 5–19

J

Japan-United States Friendship Commission, 6d-242
Job Corps, 3–11, 5–95
Job Training Partnership Act, 3–10, 5–93
John E. Fogarty International Center for Advanced Study in the Health Sciences, 6d-119
Judicial Center, Federal, 6d-20
Judicial Salaries, Commission on Executive, Legislative, and, 6d-257
Judicial services, The Judiciary, 6d-18
Judiciary, The, 6d-17
Justice, administration of:
  Federal responsibilities, 5–139
  Initiatives, priority, 3–5
  Major missions and programs, totals, table, 1985–89, 5–140
  National needs statement, 5–139
Justice, Department of, 5–141, 6d-159
Justice Programs, Office of, 6d-164
Juvenile justice program, 3–16

K

Kidney Diseases, National Institute of Diabetes and Digestive and, 6d-114

L

Labor, Department of, 6d-165
Labor Relations Authority, Federal, 5–147, 6d-236
Labor Relations Board, National, 6d-248
Labor Statistics, Bureau of, 6d-171
Labor-Management Services, 6d-168
Land acquisition, Federal, 5–46
Land Management, Bureau of, 6d-140
Land management activities, 5–152
Land and minerals management, 6d-140
Landsat, land remote sensing satellites, 3–12
Law and drug enforcement, 3–5
Law enforcement, interagency, 6d-162
Law enforcement, local, M-8
Law Enforcement Training Center, Federal, 6d-196
Legal activities, Justice, Department of, 6d-160
Legal Services Corporation, 3–8, 5–141, 6d-242
Legislation, net effect on receipts, 4–5
Legislative, and Judicial Salaries, Commission on Executive, 6d-257
Legislative Branch, 5–143, 6d-2
Legislative proposals, major new and expanded programs, 1987 budget, projection of costs, 6e-29
Libraries and Information Science, National Commission on, 6d-245
Library, National Agricultural, 6d-40
Library of Congress, 5–91, 6d-12
Library of Medicine, National, 6d-119
Livestock grading, 5–55

Loan Bank Board, Federal Home, 6d-235
Loan guarantees, Veterans Administration, 6d-223
Loan guarantees, 3–7, 5–3, 5–57, 6b-12
Loan portfolios, M-8
Loans:
  Direct obligations by agency, new, totals, table, 1985–87, 6e-13
  Education, 5–89
  Guaranteed commitments by agency, totals, table, 1985–87, 6e-13
Low-income benefits, 3–9
Low-income home energy assistance, 5–124
Lung, and Blood Institute, National Heart, 6d-113

M

Mammal Commission, Marine, 6d-243
Management and Budget, Office of, 6b-1, 6d-24
Management improvement program, M-9
Management improvements, natural resources and environment, 5–48
Management initiatives, Defense—Military, 5–11
Marine Mammal Commission, 6d-243
Marine safety, 5–73
Marine transportation system, 5–74
Maritime Administration, M-7, 3–19, 5–74, 6d-191
Maritime Commission, Federal, 5–74, 6d-236
Maritime schools, M-8, 3–7
Maritime strength, 5–4
Market news information, 5–55
Marketing Service, Agricultural, 6d-55
Mass transit program, 5–70
Meat grading, 5–55
Mediation Board, National, 6d-248
Mediation and Conciliation Service, Federal, 6d-236
Medicaid, M-7, 3–9, 5–101, 6d-124
Medical care, veterans, 6d-222
Medical education, hospitals, 3–9
Medical insurance, supplementary, 5–110
Medical insurance trust fund, Federal supplementary, 6d-125
Medical research, Veterans Administration, 6d-222
Medical Sciences, National Institute of General, 6d-116
Medicare:
  Major missions and programs, totals, table, 1985–89, 5–109
  National needs statement, 5–108
  Program, 5–108
Medicare, M-7, 3–9
Medicine, National Library of, 6d-119
Memorial agencies, 6d-237
Mental Health Administration, Alcohol, Drug Abuse and, 6d-121
Merit Systems Protection Board, 5–147, 5–147, 6d-243
Metropolitan Washington Airports, 6d-187
Mexico, International Boundary and Water Commission, United States and, 6d-175
Micronesian governments, 5–148
Middle East peace process, 3–5
Migrant health, health care block grant, 3–15
Migration and refugee assistance, 6d-176
Military Appeals, Court of, 6d-75
Military assistance, 5–17
Military bases in foreign countries, 3–5
Military compensation, 5–11
Military forces in foreign countries, 3–5
Military personnel:
  Active forces, 6d-71
  Education benefits, 6d-92
  Medical services, 5–10
  Pay and benefits, 5–11
  Reserve forces, 6d-72
  Retirement, 5–116, 6d-91
  Summary of active, table, 1985–87, 5–12
  Training, 5–10
Military sales programs, 6d-36
Military strength, 3–4, 5–4
Mine lands, reclamation of abandoned, 5–46
Mine Safety and Health Administration, 5–106, 6d-170
Mine Safety and Health Review Commission, Federal, 6d-236
Mineral leasing programs, 5–151
Minerals Management Service, 5–152, 6d-143
Mines, Bureau of, 5–46, 6d-147
Mining Reclamation and Enforcement, Office of Surface, 6d-143
Mining reclamation and enforcement, 5–46
Minority business assistance, 5–64

Minority Business Development Agency, 5-68, 6d-66
Minority Languages Affairs, Office of Bilingual Education and, 6d-95
Mint, Bureau of the, 5-147
Mint, United States, 6d-200
Monetary policy, M-4
Monetary power, exercise of, 6b-15
Monetary programs, international, 6d-36
Mortgage Association, Government National (GNMA), 5-57, 6d-135
Mortgage credit and deposit insurance, 5-57
Mortgage credit programs, 5-58
Mortgage-backed securities, 5-57
Motor carrier deregulation, 3-8
Motor Carrier Ratemaking Study Commission, 6d-257
Multilateral development assistance, 6d-28
Multilateral development banks, 5-19
Musculoskeletal and Skin Diseases, National Institute of Arthritis and, 6d-118
Museum Services, Institute of, 5-91, 6d-247

N

Narcotics control, international, 6d-177
Narcotics Control Commission, United States International, 6d-4
National Aeronautics and Space Administration, 3-6, 5-25, 5-73, 6d-212
National Agricultural Library, 6d-40
National Archives and Records Administration, 5-147, 6d-243
National Board for Promotion of Rifle Practice, 6d-75
National Bureau of Standards, 5-65, 6d-69
National Capital Planning Commission, 6d-244
National cemetery system, 5-134
National Credit Union Administration, 5-63, 6d-245
National Critical Materials Council, 6d-24
National Endowment for the Arts, 6d-246
National Endowment for the Arts and the Humanities, 5-90
National Endowment for the Humanities, 6d-247
National Gallery of Art, 6d-256
National Highway Traffic Safety Administration, 6d-182
National Institute on Building Sciences, 6d-247
National Institute of Corrections, 6d-163
National Institutes of Health, 3-11, 5-25, 5-104, 6d-112
National Labor Relations Board, 6d-248
National Library of Medicine, 6d-119
National Mediation Board, 6d-248
National needs, discussion, 6b-7
National needs, the Federal program by function, 5-1
National Oceanic and Atmospheric Administration, 5-47, 6d-66
National Park Service, 6d-150
National Park System, 5-47
National Railroad Passenger Corporation (Amtrak), 3-12, 5-71, 6d-184
National Science Foundation, 3-6, 5-25, 6d-248
National security, M-6, M-10, 3-2, 3-4, 5-4, 5-16
National Security Council, 6d-23
National Service Life Insurance, 6d-225
National Telecommunications and Information Administration, 6d-69
National Transportation Safety Board, 6d-249
National Zoological Park, 6d-255
NATO, 5-6, 5-7
Natural resources and environment:
  Credit programs, table, 1985-89, 5-48
  Federal responsibility, 5-40
  Major missions and programs, totals, table, 1985-89, 5-41
  National needs statement, 5-40
  Receipts, offsetting, 5-48
  Tax expenditures, 5-48
Naturalization Service, Immigration and, 5-139, 6d-163
Navajo and Hopi Indian Relocation Commission, 5-148, 6d-258
Naval aviation forces, 5-8
Naval general purpose forces, 5-8
Naval petroleum and oil shale reserve, 6d-103
Naval petroleum reserve, M-7, 3-12, 5-31, 5-35
Naval reactor development, 5-13
Neighborhood Reinvestment Corporation, 6d-250
Neurological and Communicative Disorders and Stroke, National Institute of, 6d-114

Nicaraguan democratic resistance, humanitarian assistance for, 6d-35
North Atlantic Treaty Organization infrastructure, 6d-82
Northeast corridor improvement program, 6d-184
Northern Marianas, 5-148
Nuclear attack, deterance of, 5-4
Nuclear capabilities, strategic, 5-4
Nuclear materials production, 5-13
Nuclear power plants, 5-35
Nuclear power regulation, 5-38
Nuclear Regulatory Commission, 5-38, 6d-250
Nuclear waste disposal, 5-35, 6d-105
Nuclear waste management, 5-13
Nuclear weapons, 5-13
Nutrition Information Service, Human, 6d-58
Nutrition programs, 5-122
Nutrition Service, Food and, 6d-57

O

Obligations:
  Incurred, explanation, 6b-11
  Incurred, 6b-9
  Liquidation of, 6b-11
Occupational Safety and Health Administration, 5-106, 6d-170
Occupational Safety and Health Review Commission, 6d-250
Ocean freight differential, 6d-191
Ocean shipping, 5-74
Oceanic and Atmospheric Administration, National, 5-47, 6d-66
Off-budget Federal entities:
  Discussion, 6b-6
  Federal Financing Bank, 5-155
  Receipts and outlays, discussion, 6a-6
Offsetting collections, definition, 6b-13
Offsetting receipts, undistributed:
  Budget authority and outlays, totals, table, 1985-89
  Explanation, 5-160
Offshore oil pollution compensation fund, 6d-190
Old-age and survivors insurance, 5-127, 6b-6, 6d-131, 5-160
Olympics, summer, 6d-75
Outer Continental Shelf, rents and royalties, 5-161, 6b-13
Outlays:
  Agriculture, totals, table, 1985-89, 5-52
  Allowances, by program, total, table, 1985-89, 5-158

Outlays—Continued
  As a percent of GNP, table, 1968-89, 6e-41
  Atomic energy defense activities, 5-13
  Available with and without current action by Congress, totals, table, 1985-87, 6e-20
  By agency, for each account and functional code, 6d-1
  By agency, totals, table, 1985-91, 6e-10
  By function, totals, table, 1985-91, 6e-12
  By function and subfunction, totals, table, 1977-87, 6e-34
  Chart, 1987, relation of budget authority to, 6a-4
  Civil defense, 5-14
  Commerce and housing credit, totals, table, 1985-89, 5-59
  Community and regional development, totals, table, 1985-89, 5-79
  Comparison of actual and estimated discussion, 6a-24
  Comparison of total, on-budget, and off-budget transactions, 6a-10
  Comparisons of relatively uncontrollable, discussion, 6a-29
  Composition of in constant prices, totals, table, 1967-89, 6e-44
  Composition of in current prices, totals, table, 1967-89, 6e-43
  Controllability, totals, table, 1985-87, 6e-30
  Current services budget, totals, table, 1986-91, 3-2
  Current services and the President's proposals by function, total, table, 1985-89, 6e-8
  Defense, national, 5-5
  Differences, table, 1985, 6a-24
  Discussion, 5-3
  Economic conditions, effect of differences, 6a-28
  Education, training, employment and social services, totals, table, 1985-89, 5-87
  Energy, totals, table, 1985-89, 5-33
  Explanation, 6b-11
  Fiscal assistance, general purpose, totals, table, 1985-89, 5-150
  Fund groups, table, 1985-89, 6a-20
  General government, totals, table, 1985-89, 5-145

- Outlays—Continued
  - General science, space, and technology, 5-26
  - Health, totals, table, 1985-89, 5-103
  - Income security, totals, table, 1985-89, 5-114
  - Increase chronology of 1985, 6a-24
  - Increase, major causes, 6a-25
  - Interest, totals, table, 1985-89, 5-156
  - International affairs, 5-18
  - Intragovernmental transactions, 6b-14
  - Justice, administration of, totals, table, 1985-89, 5-140
  - Limitations, selected, that effect total, table, 1985-87, 6a-6
  - Medicare, totals, table, 1985-89, 5-109
  - Natural resources and environment, totals, table, 1985-89, 5-42
  - Off-budget, totals, table, 1937-91, 6e-46
  - Off-budget Federal entities, table, 1968-89, 6e-41
  - Off-budget Federal entities, 6a-6
  - Off-setting receipts, undistributed, total, table, 1985-89, 5-161
  - On budget, table, 1968-89, 6e-41
  - On-budget, totals, table, 1937-91, 6e-46
  - Relation of budget authority to, totals, table, 1985-87, 6e-21
  - Relationship of budget authority to, 6a-1
  - Social security, totals, table, 1985-89, 5-127
  - Summary, totals, table, 1985-91, M-4, 6e-7
  - Summary of reasons for difference, 1985, 6a-26
  - Totals, table, 1789-1990, 6e-45
  - Totals, table, 1937-91, 6e-46
  - Transportation, totals, table, 1985-89, 5-69
  - Uncontrollable, relatively totals, table, 1985, 6a-31
  - Veterans benefits and services, totals, table, 1985-89, 5-132
- Overseas Private Investment Corporation, 3-13, 5-20, 6d-34

P

- Pacific Islands, Trust Territory of the, 5-148, 6d-156
- Packers and Stockyards Administration, 6d-58
- Panama Canal Commission, 5-74, 6d-250
- Park Service, National, 6d-150
- Park System, National, 5-47
- Parole Commission, United States, 6d-160
- Patent and Trademark Office, 6d-68
- Pay, Advisory Committee on Federal, 6d-227
- Payment Assessment Commission, Prospective, 6d-15
- Peace, United States Institute of, 6d-261
- Peace Corps, 6d-33
- Peacekeeper missile, 5-6
- Peacekeeping operations, 5-19
- Pennsylvania Avenue Development Corporation, 6d-251
- Pension Benefit Guaranty Corporation, 5-112, 6a-7, 6d-168
- Pensions, veterans, 6d-221
- Permanent budget authority, definition, 6b-10
- Personnel Management, Office of, 5-147, 6d-216
- Pesticides, pollution control block grant, 3-15
- Petroleum overcharge restriction fund, 4-12
- Petroleum reserve, naval, 3-12, 5-31, 5-35
- Petroleum reserves, strategic, 5-38, 6a-8, 6b-6, 6d-103
- Planning Commission, National Capital, 6d-244
- Plant Health Inspection Service, Animal and, 6d-54
- Plant pests and diseases, 5-55
- Policy Development, Office of, 6d-23
- Policy development and research, housing, 6d-138
- Pollution control and abatement programs, 5-40, 6d-205
- Pollution control block grants, 3-15
- Pollution fund, Coast Guard, 6d-190
- Poor, income support, M-6
- Postal Service, 5-58, 5-64, 5-161, 6a-7, 6b-6, 6d-252
- Postal subsidies, M-7
- Postsecondary Education, Office of, 6d-98
- Poultry grading, 5-55
- Power marketing administrations, M-7, 3-12, 5-35
- President, Executive Office of the, 5-143, 6d-21

President, The:
  Budget Message, M-1
  Compensation of, 6d-21
  Executive Residence at The White House, 6d-22
  Funds appropriated to, 6d-26
  Needs, unanticipated, 6d-26
  Special assistance to, 6d-22
President's Council on Integrity and Efficiency, 3–18
Presidential election campaign fund, 6d-195
Price Stability, Council on Wage and, 6d-23
Price support, Commodity Credit Corporation, 5–51
Printing, Bureau of Engraving and, 5–147, 6d-200
Printing Office, Government, 6d-13
Prison System, Federal, 6d-163
Procurement:
  Air Force, 5–9
  Army, 5–7
  Defense, 5–5, 5–14, 6d-76
  Navy, 5–8
Procurement Policy, Office of Federal, 6d-24
Product Safety Commission, Consumer, 6d-231
Property:
  General, 5–147
  Management, 5–147
  Personal, 6d-208
  Real, 6d-208
  Resources activities, Federal, 6d-209
  Surplus real, 3–12
  Surplus real estate, M-8
Property Review Board, 6d-25
Proprietary receipts, 4–17
Proprietary receipts from the public, definition, 6b-13
Prosecution and representation, civil and criminal, 5–141
Prospective Payment Assessment Commission, 6d-15
Public Broadcasting, Corporation for, 5–91
Public debt:
  End of year, table, 1989, 6e-14
  Interest on, 5–154, 6b-2, 6b-11, 6d-203
  Statutory limitation, totals, table, 1985–91, 6e-14
Public Debt, Bureau of, 6d-201
Public enterprise revolving funds, explanation, 6b-8
Public Health Service, 6d-108
Public land management, 5–46
Public Works Improvement, National Council on, 6d-257
Puerto Rico, aid to, 5–120
Puerto Rico, payment to, 5–152

Q

Quincentennary Jubilee Commission, Christopher Columbus, 6d-237

R

Radio Free Europe, 5–22
Radio Liberty, 5–22
Rail crossings, 6d-179
Rail industry benefits, taxation of, 4–9
Rail sector portion of windfall benefits, 4–10
Rail service assistance, termination, 3–17
Rail workers, unemployment insurance, 3–11
Railroad Accounting Principles Board, 6d-15
Railroad Administration, Federal, 6d-183
Railroad employment, extension of Federal/State unemployment insurance coverage, 4–8
Railroad litigation, settlements of, 6d-184
Railroad Passenger Corporation, National (Amtrak), 5–71, 6d-184
Railroad rehabilitation and improvement, 6d-184
Railroad retirement, 5–111
Railroad Retirement Board, 6d-252
Railroad Retirement Revenue Act of 1983, 4–4
Railroad Retirement Solvency Act of 1983, 4–4
Railroad safety, 6d-183
Railroads, 5–71
Railway Association, United States, 6a-7, 6b-6, 6d-261
Ratemaking Study Commission, Motor Carrier, 6d-257
Readjustment benefits, veterans, 6d-221
Reappropriations, definition, 6b-10
Receipts:
  Allocation of Windfall Profit Tax, total, table, 1987, 6a-33
  Budget, definition, 6b-13
  Budget targets of, 6b-3
  By source, discussion, 4–16

Receipts—Continued
  By source, totals, table, 1977-87, 6e-32
  By source, totals, table, 1985–87, 6e-23
  By source, totals, table, 1985–89, 4–3
  By source, totals, table, 1985–91, 6e-10
  Changes in, components of, 1986–89, 4–14
  Changes in, totals, table, 1986–89, 4–15
  Chart, 1976–88, 4–17
  Comparison of actual and estimated, discussion, 6a-22
  Comparison of actual 1985 and February 1984 estimates, totals, table, 6a-23
  Comparison of relatively uncontrollable, discussion, 6a-29
  Composition of, 4–2
  Current services budget, totals, table, 1986–91, 3–2
  Discussion, 4–2
  Effect of enacted and proposed changes on, 4–13
  Effect of major enacted legislation, totals, table, 1985–89, 4–5
  Effect of proposed legislation and administrative action on, totals, table, 1986–89, 4–14
  Fund groups, table, 1985–89, 6a-20
  Gasoline taxes, Federal, 3–15
  Governmental, 6b-13
  Natural resources and environment, 5–48
  Net effect of enacted legislation, table 1985–89, 4–5
  Off-budget, totals, table, 1937–91, 6e-46
  Offsetting, by type, totals, table, 1985–87, 6e-26
  Offsetting, 6b-13
  On-budget, totals, table 1937-91, 6e-46
  Proposals, discussion, 4–4
  Proprietary, 4–17
  Reimbursements, 6b-13
  Relation to GNP, table, 1968–89, 6e-45
  Rents and royalties, 6b-14
  Social insurance, 6b-13
  Summary, totals, table, 1985–91, M-4
  Summary, totals, 1987, 4–2
  Totals, table, 1789–1990, 6e-45
  Totals, table, 1937–91, 6e-46
Reclamation, Bureau of, 5–43, 6d-144
Records Administration, National Archives and, 6d-243
Recreational resources, 5–46
Refugee assistance, 5–20, 5–124, 6d-127, 6d-176
Regional development activities, 3–16
Regional development programs, 5–80, 6d-65
Regional structure reform, 3–21
Regulations, excessive, M-4
Regulations, Federal, M-3, M-10, 6a-15
Regulatory Commission, Federal Energy, 5–38
Regulatory Commission, Nuclear, 5–38
Rehabilitation services, 5–98
Rehabilitative Services, Office of Special Education and, 6d-96
Reimbursements, definition, 6b-13
Rental development grants, 5–80
Rental rehabilitation grants, 5–79
Rescission, definition, 6b-10
Research: 3–6
  Agricultural, 5–54
  AIDS, M-6, 3–6, 5–104
  Basic, 3–6
  Basic scientific, 5–25
  Biomedical, 3–11
  Environmental, 5–40
  Health, 5–104
  Housing policy, 6d-138
  National Aeronautics and Space Administration, 6d-214
  Nonmilitary, M-6
  Space, 5–25, 5–29
  Space science, 3–6
  Transatmospheric vehicle, 3–6
  Transportation, 6d-193
Research and development:
  Atomic energy defense, 5–13
  Coast Guard, 6d-190
  Defense—Military, 5–10, 6d-80
  Education, 5–90
  Energy, Department of, 5–27
  Energy, 5–31, 6d-102
  Environmental Protection Agency, 6d-205
  Highway Safety, 6d-181
  Maritime Administration, 6d-191
  National Aeronautics and Space Administration, 6d-212
  Vehicle safety, 5–70
Research Service, Agricultural, 6d-39
Research Service, Congressional, 5–143, 6d-12
Research Service, Cooperative State, 6d-40

Reserve forces, 5-10
Resource conservation and development program, 5-46
Resource management, Federal, 3-19
Retired pay, Coast Guard, 6d-189
Retired senior volunteer program, 5-99
Retirement, employer share, 5-160
Retirement, Federal employees, 5-160
Retirement, military, 6d-91
Retirement and disability insurance, 5-111
Retirement Revenue Act of 1983, Railroad, 4-4
Revenue levels, deficit targets, 6b-4
Revenue Sharing, Office of, 6d-196
Rules-of-Thumb, 2-28
Rural Development Policy, Office of, 6d-46
Rural development program, 3-16, 5-80
Rural Electrification Administration, 3-19, 5-36, 6a-8, 6d-46
Rural electrification and telephone revolving fund, 6a-9, 6b-6
Rural housing programs, 5-61
Rural Telephone Bank, 6a-7, 6b-6

S

Safety:
  Aviation, 3-6, 5-72
  Boating, 6d-191
  Highways and motor carrier, 5-70, 6d-179
  Marine, 5-73
  Nuclear, 5-32
  Occupational and health, 5-106
  Railroad, 6d-183
Safety Board, National Transportation, 6d-249
Safety Commission, Consumer Product, 6d-231
Safety and Health Administration, Mine, 5-106, 6d-170
Safety and Health Administration, Occupational, 5-106, 6d-170
Safety and Health Review Commission, Federal Mine, 6d-236
Safety and Health Review Commission, Occupational, 6d-250
Sahel development program, 6d-30
Saint Elizabeths Hospital, 5-104, 6d-122
Saint Lawrence Seaway Development Corporation, 6d-192
Salaries, Commission on Executive, Legislative, and Judicial, 6d-257
Satellites, land remote sensing, 3-12
Science, National Commission on Libraries and Information, 6d-245
Science Foundation, National, 3-6, 5-25, 6d-248
Science programs, general, 5-27
Science and technology agreements, United States bilateral, 6d-177
Science and Technology Policy, Office of, 6d-25
Science and technology programs, Commerce Department, 6d-66
Science and water programs, 6d-144
Scientific activities overseas, 6d-206
Sealift forces, 5-9
Secret Service, United States, 6d-203
Securities and Exchange Commission, 6d-254
Security, national, M-6, M-10, 3-2, 3-4, 5-4, 5-16
Security assistance, international, 3-4, 5-16, 5-19, 6d-26
Security Council, National, 6d-23
Security in Europe, Commission on Cooperation and, 6d-15
Security income, supplemental, 3-9, 5-123
Seigniorage, 6b-15
Selective Service System, 5-14, 6d-254
Senate, United States, 6d-2
Senior companions program, 5-99
Sentencing Commission, United States, 6d-262
Sewage treatment plant construction grants, 5-40
Sewage treatment plants, 3-15
Sewage treatment system, M-8
Shipbuilding, Navy, 5-8
Ships:
  Cargo preference requirement, 3-7
  Construction, 3-7, 6d-191
  Financing fund, 6d-192
  Ocean freight differential, 6d-191
  Operating-differential subsidies, 6d-191
Skin Diseases, National Institute of Arthritis and Musculoskeletal and, 6d-118
Small Business Administration, M-7, 3-7, 3-19, 5-64, 5-82, 6d-70, 6d-218
Small business assistance, 5-58, 5-64
Smithsonian Institution, 5-91, 6d-255
Social insurance taxes, 4-16
Social security:
  Major missions and programs, totals, table, 1985-89, 5-127
  National needs statement, 5-126

Social security—Continued
  Tax expenditures, 5-128
Social security, 3-2, 3-9, 6a-7, 6b-6, 6d-1, 6d-131
Social Security Administration, 6d-126
Social Security Amendments of 1983, 4-4
Social security taxes, 4-8, 4-16
Social services, family, 6d-128
Social services block grants, 3-8, 3-10, 3-16, 5-98, 6d-127
Social services programs, 3-2, 5-97
Social services reform, 3-8
Soil Conservation Service, 3-7, 5-43, 6d-52
Solar Energy and Energy Conservation Bank, 6d-136
Solar system, study and exploration, 5-28
Soldiers' and Airmen's Home, 6d-92
Southeastern Power Administration, 3-12, 6d-106
Southwestern Power Administration, 3-12, 6d-106
Soviet-East European research and training, 6d-177
Space Administration, National Aeronautical and, 3-6
Space Administration, National Aeronautics and, 5-25, 5-73, 6d-212
Space applications program, 5-28
Space exploration, 5-28
Space flight, control, and data communications, 6d-213
Space flight, 3-6, 5-27
Space program, M-6
Space research, 5-29
Space research and technology, 5-27
Space science, applications, and technology, 5-28
Space Station, 3-6
Space telescope, 5-28
Space transportation system, 5-27
Spacecraft development, 5-28
Spacecraft tracking, data gathering and processing support, 5-29
Spacelab, 5-27
Special funds, explanation, 6b-8
Standards, National Bureau of, 6d-69
State, Department of, 3-5, 5-21, 6d-172
State Justice Institute, 6d-258
State Research Service, Cooperative, 6d-40
States:
  Aid to families with dependent children, 3-9
  Block grants, job training, 5-94
States—Continued
  Boating safety assistance, 6d-191
  Education, block grants for, 5-85
  Employment services, 6d-166
  Energy planning and extension, termination, 3-17
  Extension services, 3-16
  Food program for women, infants and children (WIC), 3-9
  Food stamp program, 3-9
  Government activities, transfer to, 3-14
  Maritime schools, M-8
  Mineral Leasing Act, receipts from, 5-151
  Rail service assistance, termination, 3-17
  Revenue sharing, general, 5-149
  Unemployment insurance, 6d-166
Statistical activities:
  Agriculture, Department of, 6d-41
  Commerce, Department of, 6d-64
Statistical Reporting Service, Agriculture Department, 6d-41
Statistics, Bureau of Labor, 6d-171
Stockpile transactions fund, National defense, 6d-210
Stockyards Administration, Packers and, 6d-58
Strategic and critical materials, stockpile of, 5-14
Strategic energy preparedness, 5-38
Strategic forces, defense, 5-6
Strategic modernization program, 5-6
Strategic petroleum reserve, 6a-8, 6b-6, 6d-103
Stroke, National Institute of Neurological and Communicative Disorders and, 6d-114
Student aid, 3-10
Student Financial Assistance, National Commission on, 6d-257, 6d-257
Student financial assistance, 5-91
Summer youth employment, 3-11, 5-94
Superintendent of Documents, 6d-14
Supplemental security income, 3-9, 5-123, 6d-126
Supply service, Federal, 6d-208
Supreme Court of the United States, 6d-17
Surface transportation industry deregulation, 3-8
Surplus or deficit, summary, totals, table, 1984-88, 6e-7
Surplus or deficit, summary, totals, table, 1985-91, 6e-7

Surplus or deficit, totals, table, 1789-1990, 6e-45
Surplus or deficit, totals, table, 1789-1991, 6e-46
Surplus or deficit, 6a-19, 6b-13
Susquehanna River Basin Commission, 6d-241
Synthetic Fuels Corporation, 5-36, 6a-8, 6b-6

T

Tax burdens, limiting, M-4
Tax collections, refunds of, 5-157
Tax Court, United States, 6d-14
Tax Equity and Fiscal Responsibility Act of 1982, 4-3
Tax expenditures:
  Agriculture, 5-55
  Commerce and housing credit, table, 1985-89, 5-63
  Community and regional development, 5-83
  Defense—Military, 5-13
  Deferral of interest on U.S. saving bonds, 5-157
  Discussion, 5-3, 6a-11
  Education, 5-91
  Employment, 5-97
  Energy, table, 1985-89, 5-39
  Fiscal assistance to States and localities, 5-152
  General government, 5-148
  General science, space, and technology, 5-29
  Health, 5-107
  Income Security, table, 1985-89, 5-125
  International affairs, 5-23
  Natural resources and environment, 5-48
  Social security, 5-128
  Social services, 5-99
  Transportation, 5-76
  Veterans benefits and services, 5-138
Tax simplifications and reform, 4-12
Taxation, discussion, 6a-11
Taxes:
  Automated examination system, 4-11
  Cigarettes, 4-10
  Collection of, 5-143
  Corporation income, 4-16
  Earned income credit, 5-124
  Education, higher, incentives, 4-7
  Enterprise zone incentives, 4-6
  Estate and gift, 4-16
  Excise, 4-16
Taxes—Continued
  Gasoline, 3-15
  Income, 4-2, 4-16
  Increase, 3-2
  Inland waterways, 4-10
  Payments in lieu of, 5-152
  Payroll, 4-2, 4-8
  Rail industry benefits, 4-9
  Revenue initiative, 4-11
  Social insurance, 4-16
  Social security, 4-8, 4-16
  Tuition credit, 4-7
  Windfall profit receipts, 6a-32
Technology Assessment, Office of, 6d-16
Technology Policy, Office of Science and, 6d-25
Telecommunications fund, Federal, 6d-209
Telecommunications and Information Administration, National, 6d-69
Tennessee Valley Authority, 3-8, 5-36, 5-81, 6d-258
Territorial and international affairs, 6d-156
Terrorism protection, 3-5
Timber sales, 5-45, 5-151
Tobacco and Firearms, Bureau of Alcohol, 6d-199
Tobacco inspection, 5-55
Tourism Administration, United States Travel and, 6d-66
Toxic substances enforcement, pollution control block grant, 3-15
Trade, United States Court of International, 6d-18
Trade Administration, International, 5-65, 6d-65
Trade Commission, Federal, 6d-237
Trade Commission, International, 6d-241
Trade and development program, 6d-33
Trade Representative, Office of the United States, 6d-25
Trademark Office, Patent and, 6d-68
Traffic and highway safety, 5-70
Training:
  Coast Guard reserve, 6d-189
  Military personnel, 5-10
Training Administration, Employment and, 6d-165
Training and employment block grants, 5-93
Training and employment programs, 5-93
Transatmospheric research, 3-6

Transit Authority, Washington Metropolitan Area, 6d-241
Transportation:
  Agriculture, Department of, 6d-56
  Air, 3-6, 5-72
  Block grants, 3-14
  Credit programs, table, 1985-89, 5-75
  Federal responsibility, 5-67
  Ground, 5-67
  Initiatives, priority, 3-6
  Major missions and programs, totals, table, 1985-89, 5-68
  National needs statement, 5-67
  Rail, 5-71
  Space, 5-27
  Surface industry deregulation, 3-8
  Tax expenditures, 5-76
  Water, 5-73
Transportation, Department of, 6d-179
Transportation Barriers Compliance Board, Architectural and, 6d-228
Transportation Safety Board, National, 6d-249
Travel and Tourism Administration, United States, 5-65, 6d-66
Treasury, Department of the, 6d-195
Trident missiles, 5-6
Trident submarine, 5-6
Trust fund appropriations, 6b-2
Trust funds, explanation, 6a-19, 6b-8
Trust funds, limitations on, 6a-5
Trust intrafund transactions, definition, 6b-14
Trust revolving funds, 6b-8
Trust Territory of the Pacific Islands, 5-148, 6d-156

U

Ukraine Famine, Commission on the, 6d-257
Underground injection control, pollution control block grant, 3-15
Unemployment benefits and allowances, 6d-165
Unemployment compensation, 5-117
Unemployment insurance, M-8, 3-17
Unemployment insurance and employment services, 6d-166
Unemployment insurance system, 3-11
Unemployment rates, M-3, 2-26
United States, Supreme Court of the, 6d-17
United States bilateral science and technology agreements, 6d-177
United States Constitution, Commission on Bicentennial of the, 6d-238
United States Court of International Trade, 6d-18
United States Courts, Administrative Office of the, 6d-20
United States Fish and Wildlife Service, 6d-148
United States Government Life Insurance Fund, 6d-225
United States Holocaust Memorial Council, 6d-259
United States Information Agency, 5-22, 6d-260
United States Institute of Peace, 6d-261
United States International Narcotics Control Commission, 6d-4
United States and Mexico, International Boundary and Water Commission, 6d-175
United States Mint, 6d-200
United States Parole Commission, 6d-160
United States Railway Association, 6b-6, 6d-261
United States Secret Service, 6d-203
United States Sentencing Commission, 6d-262
United States Synthetic Fuels Corporation, 6b-6, 6d-262
United States Tax Court, 6d-14
United States Travel and Tourism Administration, 5-65, 6d-66
United States-Japan Friendship Commission, 6d-242
Universe, study of, 5-28
Uranium enrichment, 5-35, 6d-103
Urban Development, Department of Housing and, 3-13, 5-61, 5-77, 6d-132
Urban development action grants, M-7, 3-8, 5-78
Urban Mass Transportation Administration, 6d-185
User fees:
  Coast Guard inspections, M-9
  Customs inspections, M-9
  Government services, proposed, 3-21
  Government-sponsored enterprises, 5-148
  Harbor and inland waterways, M-9
  Internal Revenue Service, 4-9
  Marketing farm products, services to aid, 5-55
  Meat and poultry inspection, M-9
  Nuclear Regulatory Commission, 4-12
  Recreational facilities, M-9, 5-44

- User fees—Continued
  - Recreational use of national parks and forests, 5-47
  - Veterinary biologics program, services through, 5-55

V

- Veterans:
  - All-volunteer force educational assistance, 5-133
  - Burial benefits, 6d-221
  - Cemetery and burial benefits, 5-134
  - Compensation and pensions, 3-9, 6d-221
  - Education, training and rehabilitation, 5-134
  - Education, 3-8
  - GI bill, 5-131
  - Hospital services, 5-134
  - Housing, 5-134
  - Income security, 5-129
  - Insurance, 6d-221
  - Job-training, 6d-221
  - Life insurance, 5-134
  - Loans, 5-135, 6d-224
  - Medical care, 3-10, 5-134, 6d-222
  - Nonservice-connected pensions, 5-130
  - On-the-job training, 5-134
  - Post-Vietnam era, 5-133
  - Readjustment benefits, 6d-221
  - Service-connected compensation, 5-129
  - Vietnam-era, 5-134
- Veterans Administration, 5-57, 5-129, 6d-221
- Veterans benefits and services:
  - Credit programs, table, 1985-89, 5-135
  - Federal funds, 5-129
  - Major missions and programs, totals, table, 1985-89, 5-131
  - National needs statement, 5-129
  - Tax expenditures, 5-138
- Vice President, The, official residence of, 6d-22
- Virgin Islands, 5-148, 5-152
- Vocational and Adult Education, Office of, 6d-97
- Vocational education, 3-11, 5-85, 5-89
- Voice of America, 5-22
- Volunteers in Service to America (VISTA), 5-99

W

- Wage and Price Stability, Council on, 6d-23
- Warsaw Pact, 5-7
- Washington Metropolitan Area Transit Authority, 6d-241
- Waste, hazardous, pollution control block grant, 3-15
- Waste isolation pilot project, 6d-179
- Waste sites, hazardous, 5-41
- Waste treatment facilities, 3-15
- Water, drinking, pollution control block grant, 3-15
- Water carrier deregulation, 3-8
- Water quality, pollution control block grant, 3-15
- Water resources, 5-43
- Water Resources Council, 6d-262
- Water and science programs, 6d-144
- Water transportation, 5-73
- Watershed program, small, 3-7
- Weapons, nuclear, 5-13
- Weather radar system, 3-6
- Western Area Power Administration, 3-12, 6d-107
- White House Office, 6d-21
- Wildlife, parks, and fish programs, 6d-148
- Wildlife conservation, military reservations, 6d-93
- Wildlife Service, United States Fish and, 6d-148
- Woodrow Wilson International Center for Scholars, 6d-256
- Work incentive program (WIN), M-7, 3-10, 5-96, 6d-128
- Work-study program, 5-90
- Workers, assistance to dislocated, 5-94
- Workers, employment for older, 5-96
- Workplace hazards, 5-106
- Workplace safety and health inspections, 5-106
- World Agricultural Outlook Board, 6d-41
- World Bank, 5-19

Y

- Youth employment, summer, 3-11, 5-94

Z

- Zoological Park, National, 6d-255

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